# FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,606 Friday October 23 1981



CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 25c

## NEWS SUMMARY

### GENERAL

## Optimism on North South formula

The 22-nation North-South summit opened in Cancun, Mexico, amid optimism that a framework would emerge for negotiations on narrowing the gap between rich and poor nations.

The summit focused on underdeveloped countries' demands for "global negotiations" in the UN.

The U.S., previously reluctant about such a plan, appears to be prepared to reach consensus on a formula. Back Page

### Ordeal ends

Kidnappers freed Irish chain store chief Ben Dunne after holding him for six days. Apparently no ransom was paid.

### DPP steps in

The Director of Public Prosecutions was granted a voluntary bill of indictment to be preferred against 15 men who appeared on riotous assembly charges in Croydon, south London. Seven are also accused of murder.

### Libel action aid

Public funds will be used to help finance the libel action Gordon Kirby, former vice-consul in Saudi Arabia, is bringing against Private Eye arising out of articles about the death of nurse Helen Smith in Jeddah.

### Rights ruling

Northern Irish laws barring homosexual acts between consenting male adults breach the European Human Rights Convention, the Human Rights Court ruled.

### Fugitive caught

One of the last fugitives of the Weather Underground movement in the U.S., Katherine Boudin, was arrested after a gun battle in which two police and a security guard were killed.

### Entry refused

The leader of an extreme Right-wing Jewish nationalist group, Rabbi Meir Kahane, was refused entry to Britain.

### Burghley dies

Lord Burghley, Marquess of Exeter, former Olympic gold medallist and prominent in the Olympic movement, died aged 76.

### Modest request

Netherton United Boys Football Club of Worksop wrote to the International Monetary Fund to ask for a grant to cover rising costs.

### Painful prospects

Tension headaches are on the increase, and insecurity about employment prospects is to blame, a survey says.

### Odd jobs

Borehamwood Job Centre helped recruit 30 adults under four feet tall to play extras in the new Star Wars film.

### Last post

Christmas seamail to north and central America, the Caribbean, Africa, the Middle East and Indian sub-continent should be posted by next Wednesday.

### Briefly . . .

Heart transplant patient Anthony Miller died at Papworth Hospital six weeks after the operation.

Stonehenge must stay protected by a rope barrier, the Environment Department said.

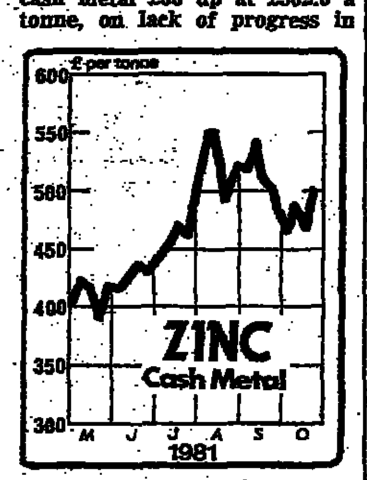
### BUSINESS

## Gilts at five-year low; Zinc up

● GILTS were depressed by uncertainty over interest rates and public spending prospects and the possibility of a by-election defeat for the Government. The Government Securities index dropped 0.63 to a five-year low of 60.44. Page 40

● EQUITIES followed Gilts down. The FT 30-share index closed at the day's low of 467.2, off 9.2. Page 40

● ZINC improved sharply, with cash metal £33 up at £502.5 a tonne, on lack of progress in strike talks at Ireland's Tara Mines and price rises from St Joe Minerals of the U.S. Page 39




● DOLLAR improved in London, its trade-weighted index rising to 109.8 (109.3). It was firmer at DM 2.281 (DM 2.2725), Y233.65 (Y233.5) and SwFr 1.901 (SwFr 1.894). Page 33

● STERLING shed 52.5 points at $1.81575 but followed the dollar up against European currencies. It rose to DM 4.145 (DM 4.14) and FFr 10.385 (FFr 10.38). Its trade-weighted index rose from 87.6 to 87.8. Page 33

● GOLD closed $2 higher in London at $432. In New York the Comex October close was $434.5. Page 33

● WALL STREET was off 4.76 at 846.27 before the close. Page 34

● UNEMPLOYMENT will rise for a year and inflation is unlikely to reach single figures before the next General Election, the Economist Intelligence Unit predicted. Page 7

● WEST GERMAN Finance Minister Hans Matthoefer is considering using DM 8.4bn (£2.04bn) of Bundesbank profits to help plug a gap in next year's federal budget. Back Page

● EXECUTIVES of big West German banks are to meet in London on Monday to discuss their involvement in French companies due to be nationalised. Back Page

● IRAN will send only officials, not Ministers, to next week's Opec meeting in Geneva, which is expected to realign oil prices, and may boycott it altogether. Page 4

● HONDA MOTOR president Kiyoshi Kawashima attacked the three-year programme of voluntary restraint on Japanese car exports to the U.S. introduced in May. Page 5

● NORWAY'S foreign exchange reserves reached a record Kr 35bn (£3.2bn) as a result of oil tax revenues paid this month, new figures showed.

● MATSUSHITA Electrical Industrial, the world's biggest electric appliance group, reported record third-quarter profits of Y9.11bn (£21.4m), 25 per cent higher. Page 30

● McKECHNIE Brothers, engineer and metals and chemicals maker, saw pre-tax profit for the year to Jul y31 fall sharply to £9.28m from £15.45m. Total net dividend is being held at 7.2765p per 25p share. Page 24

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| | | | | | |
|---|---|---|---|---|---|
| RISES | | | Brown and Jackson | 20 | − 4 |
| Abwood | 10½ | + 1½ | Distillers | 164 | − 10 |
| Berec | 116 | + 10 | GEC | 678 | − 11 |
| Cornell Dresses | 145 | + 13 | Gill and Duffus | 164 | − 6 |
| Duport | 33 | + 5 | GKN | 146 | − 4 |
| Hanson Trust | 272 | + 6 | Hawker Siddeley | 284 | − 6 |
| Hoover A | 92 | + 6 | ICI | 254 | − 6 |
| Nu-Swift | 34½ | + 4½ | Jenks and Cattell | 58 | − 4 |
| Press (Wm) | 70 | + 4 | Land Securities | 282 | − 5 |
| Royal Bk Scotland | 150 | + 4 | Linread | 18 | − 4 |
| Saga Holidays | 388 | + 6 | Lucas Inds | 190 | − 7 |
| Tern-Consulate | 70 | + 8 | Pleasurama | 238 | − 27 |
| Tyzack (W.) Sons | 32 | + 4 | Plessey | 294 | − 7 |
| Ashton Mining | 100 | + 6 | Racal Electronics | 385 | − 15 |
| Northern Mining | 175 | + 5 | Turner and Newall | 72 | − 4 |
| Otter Expln | 68 | + 8 | BP | 292 | − 12 |
| FALLS | | | Burmah Oil | 107 | − 6 |
| Exchqr 10pc 1983 | £89½ | − ½ | LASMO | 475 | − 20 |
| Treas 15¼pc 1998 | £95¼ | − ¼ | Ultramar | 470 | − 15 |
| BAT Inds | 353 | − 10 | MIM Hldgs | 206 | − 5 |
| Barclays Bank | 400 | − 8 | RTZ | 463 | − 10 |

# British Rail to cut most fares to London by up to two-thirds

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

BRITISH RAIL is to cut 90 per cent of Inter-City train fares for passengers travelling to London by up to two-thirds. The move is a significant and substantial change of policy on pricing.

The new low fares are called "London Savers." They will be available from next month for return journeys from outside London to the capital. Londoners will not be able to buy these tickets for journeys from London.

Typical London Saver fares, valued for a month, include: £5 return fare from Coventry and Cambridge to London; £6 return fare from Birmingham compared with the new ordinary (second class) single fare of £11.30 from the end of next month; £9 return from Liverpool and Manchester, compared with the new £18.90 ordinary single.

The new fares were announced yesterday—two weeks after BR said it intended to raise the general level of fares by 9.5 per cent from November 29. This is lower than the current rate of inflation, and underlines the new strategy evolving at British Rail.

The strategy is designed to halt the decline in passengers, combat the increasingly fierce cut-price competition from motorway express coaches and tempt back on to the trains people who might not travel at all under the old high-fares regime. BR is also warned about its increasingly perilous financial position with an operating loss of £140m forecast for this year.

BR said last night the exercise was a "calculated business risk" and its results will be reviewed in January. By then the new approach to low fares could have hardened into a formal strategy, under which BR goes all out for a high volume, low yield per passenger marketing strategy.

Gone would be the present tactic of trying to boost income from travellers such as businessmen, who pay high standard fares, at the expense of attracting the mass of travellers.

The chainge of policy invites comparison with the 50 per cent cut in fares on Swedish trains earlier this year. The Swedish cuts were designed to increase passenger volumes on the state rail system.

Until now BR has regularly increased its train fares, most noticeably last year, when fares rose by 42.8 per cent.

This increase in fares and the effects of the recession have cut BR passenger volume by 10 per cent in less than a yar. BR passenger receipts as a result are £50m below the forecast for this year.

Mr Peter Keen, the BR chief passenger manager said last night: "It is a bold move in a tight financial situation, but we have every expectation of filling empty seats on trains to London."

London Savers are valid for a month and can be used for day and weekend trips or longer trips as the passenger requires.

The tickets will normally be available on demand for travel on the same day.

Passengers using the 100 mile-an-hour electric trains into Euston and the 125 miles-an-hour trains into King's Cross, will pay only £20 return from Glasgow and Edinburgh. This compares with the new ordinary single fares of £30.50 and £32.50 respectively.

# Offshore operators urge North Sea tax changes

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE UK Offshore Operators Association is calling for changes in North Sea taxation which could lead to Government revenues being cut by at least £10bn over the next 20 years.

The association, which represents 39 oil companies, including some of the biggest operators in the North Sea, yesterday unveiled a six-point plan for changing the present offshore tax structure.

Top of the list is a demand for the total abolition of Supplementary Petroleum Duty — SPD.

The proposals have been drawn up in response to the Government's invitation to the oil industry to put forward recommendations on offshore taxation. The invitation was made last March following the industry's bitter criticism of the introduction of SPD.

Yesterday the Offshore Operators' Association again warned that North Sea exploration and production would start to fall significantly unless the taxation system was put on a different footing.

It said the "pips are now squeaking" and added that the UK's indigeous oil supplies could be endangered in the 1990s if the Government failed to take action on tax now.

The association's package includes the following proposals:

● The abolition of SPD at the end of next June. SPD is levied at the rate of 20 per cent of the gross value of oil produced. The association says it is a "bad tax" because it is not related to profits. Nevertheless, it is expected to raise £1bn for the Exchequer in the current financial year.

● Advance payments of Petroleum Revenue Tax—PRT—to be introduced in July next year. Initially, the advance PRT payments would effectively replace SPD to keep the Government's income at the levels currently planned.

The aim, however, would be to phase out advance PRT payments altogether by "1985 at the latest." They would be advance payments only and would not involve the oil companies in paying an increased tax in the long run.

● An additional oil allowance to be introduced to help companies whose fields are nearing the end of their producing lives. Under the oil allowance system, companies are allowed a certain amount of tax free crude up to a maximum of 5m tonnes during the life of a field.

● Separate oil allowances to be given to satellite fields or else satellite fields to be given the status of separate fields for tax purposes.

● Automatic repayment of the 12.5 per cent royalty levied on gross revenues to be introduced for marginal fields.

The association estimates that the last Budget tax changes increased the Government's "take" from 77 per cent to 86 per cent of oil and gas profits. Its proposals would result only in a 5.5 per cent increase in the Government's revenue compared with the pre-Budget position. Its recommendations would therefore roughly halve the increase in government revenue implied by the Budget changes over the long term.

The association reckons the Government will take around £200bn in tax during the life of the existing 25 UK offshore oilfields—between now and the year 2000. It stresses that this is a very rough estimate and could prove to be wide of the mark.

Editorial Comment, Page 22;
Lex, Back Page

# Mitsui to sell Sinclair computers

BY GUY DE JONQUIERES

BRITAIN'S Sinclair Research company has concluded a deal to export its ZX-81 personal computer in volume to Japan. It if proves a success, it may lead to the establishment of Japanese production facilities.

Mitsui, one of Japan's biggest trading companies, has agreed to start marketing the ZX-81 this year. It aims to sell 20,000 of the computers in the first year and 50,000 in the second. Mitsui considers these targets as "conservative," it said yesterday.

The Sinclair computer will be sold in Japan by mail order and through dealers for £90, about £20 more than its price in Britain. More than 150,000 personal computers are estimated to have been sold in Japan last year. There is at present no direct competitor to the ZX-81 in its price range.

According to Mr Clive Sinclair, head of Sinclair Research, ZX-81 production is running at about 500,000 machines a year. More than 100,000 of the computers are said to have been sold since the computer was launched six months ago.

The ZX-81 is now sold in the U.S., France and West Germany as well as in Britain. American Express agreed recently to sell the computer by mail order in the U.S. Sales there are expected soon to overtake those in the UK, until now the largest single market.

Mr Sinclair said yesterday that Mitsui had made the first approach to market in Japan. He had not previously tried to sell the computer in Japan because of the size and complexity of the market, and was delighted to have Mitsui as a partner.

If all goes well, Sinclair and Mitsui hope to start talks in about a year on setting up a joint venture which would market and eventually manufacture the ZX-81 under licence in Japan, he said.

Mr Sinclair said he was also looking closely at the possibility of producing the computers in the U.S. The ZX-81 is at present manufactured for Sinclair by Timex, the American watch company, at a plant in Dundee, Scotland.

Sinclair Research — 95 per cent owned by Mr Sinclair with a £4.7m turnover for the year ended March 31—is dwarfed by Mitsui, with a turnover of about £38bn. The Japanese group's worldwide operations include steel, energy, chemicals, foodstuffs and textiles.

Mitsui is also one of Japan's main importers of British goods, including Burberry raincoats and Jaguar cars.

## CONTENTS



For latest Share Index phone 01-246 8026

# Banker attacks floating $ policy

BY DAVID MARSH

A STRONG attack on the U.S. Government's policy of leaving the value of the dollar at the mercy of market forces was made yesterday by Professor Alexandre Lamfalussy, a top official of the Bank for International Settlements.

In a speech in Brussels Professor Lamfalussy, one of Europe's leading advocates of firm central bank policies to dampen currency disturbances, called for "an internationally co-ordinated commitment to a reasonable degree of exchange rate stability."

Professor Lamfalussy is assistant general manager at the BIS, the Basle-based "central bankers' bank." His speech, although couched in diplomatic language, effectively broadens the European offensive against America's laisse-faire approach towards its currency.

Mr Gordon Richardson, governor of the Bank of England, and Herr Karl Otto Poehl, president of the West German Bundesbank, have also during the last month criticised U.S. policies on the dollar.

Prof Lamfalussy told the Atlantic Institute of International Affairs that the Western industrial world faced the danger of disintegration into protectionism and other inward-looking policies if exchange rate fluctuations continued in the manner of the last two years.

He blamed the higher degree of day-to-day exchange rate fluctuations in 1981 compared with 1980 partly on the American announcement earlier this year that it would not intervene in the exchange market except at times of crisis.

He said a commitment to exchange rate stability should involve intervention to back up the thrust of monetary and fiscal measures. It might also require international co-ordination of interest rate policies.

A 30 to 50 per cent appreciation of the dollar against European currencies—of the kind that had taken place during the last 18 months—raised import prices and inflation in Europe in spite of increasing unemployment.

Looking ahead to a possible reversal of the U.S. currency's

Continued on Back Page

### £ in New York

| — | Oct. 21 | Previous |
|---|---|---|
| Spot | $1.8145-8165 | $1.8210-8230 |
| 1 month | 0.02dis-05pm | 0.05 dis-flat |
| 3 month | 0.10-0.20pm | 0.08-0.13pm |
| 12 months | 1.25-1.45pm | 1.20-1.40pm |

# Hoover to close Perivale and cut 1,900 jobs

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

HOOVER IS to close its vacuum cleaner factory in Perivale, west London, with the loss of more than 1,000 jobs. The company will also cut 800 jobs from factories at Merthyr Tydfil in Wales and Cambuslang in Scotland.

About 100 staff in other divisions of the company will also be affected and the European companies are to be restructured.

The announcement to employees yesterday in a bold statement headed "Hoover restructures for profit and growth resolves the uncertainty which has been hanging over Cambuslang but comes as a severe blow to west London.

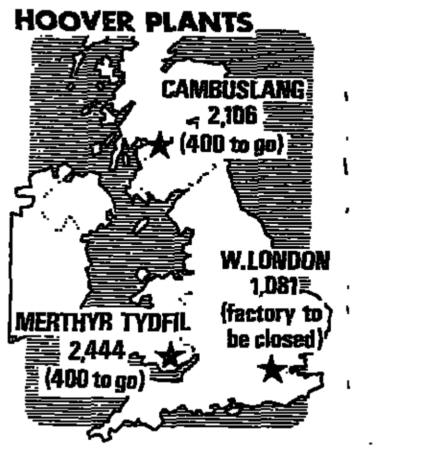
Thousands of manufacturing jobs in the area have been lost with the closure of plants by BL in Southall and Park Royal, and other manufacturers, including Firestone, United Biscuits and Aladdin.

Production of all Hoover floor-care products will be concentrated at Cambuslang when Perivale closes in the middle of next year.

Hoover said yesterday that this rationalisation "will take further costs out of the manufacturing process" in addition to the company's productivity programme which "has been gaining momentum in recent times."

The redundancies at Merthyr Tydfil, where Hoover makes washing machines and other laundry products, will be mostly among staff and indirect employees. The factory has

HOOVER PLANTS




400,000 sq ft of surplus manufacturing space, while Hoover also has a new factory in Merthyr which remains unoccupied.

Hoover has been slow to tackle overmanning over the years, but in the last two years it has reduced its workforce from 11,000 to 7,700. The present plan will result in the company employing around 5,800 of whom less than 4,000 will be in manufacturing. The latest redundancies are expected to cost the company up to £7m.

Hoover, which is 55 per cent owned by Hoover in the U.S., blames the rising tide of imports for its current problems, including cheap vacuum cleaners from Eastern Europe, and low margins on exports.

Bankruptcies rise, Page 6,
Lex, Back Page

# Gestetner in talks to buy Nexos Office Systems

BY GUY DE JONQUIERES

NEGOTIATIONS are under way for the sale of Nexos Office Systems, the state-owned venture into advanced business equipment which has been running at a loss, to Gestetner, the copier and duplicator group.

Nexos has received £28m in Government support since it was established three years ago. It is a wholly-owned subsidiary of the British Technology Group, formed earlier this year by the merger of the National Enterprise Board and the National Research Development Corporation.

The venture, as conceived, was one of the NEB's most ambitious projects in electronic high technology. It lost £10m last year. The BTG seems resigned to the possibility that it will recover only part of its earlier investments by selling Nexos.

No price has been agreed. Gestetner is believed to be the only serious candidate to take over Nexos, though it appears to be interested in purchasing only part of the company's business. The BTG may thus end up retaining a stake in Nexos.

Gestetner's principal interest is in a recently introduced word processor manufactured for Nexos by Logica VTS, a joint venture between the BTG and

Continued on Back Page
Background, Page 10

# Bonn budget demands concern EEC states

BY JOHN WYLES IN BRUSSELS

WEST GERMAN demands for limits on its payments into the EEC budget are causing mounting concern in other member states and are threatening to delay agreement on a permanent solution to reduce Britain's transfers to Brussels.

While other member states are prepared to consider a new deal for the UK to replace a temporary arrangement expiring at the end of next year, opinions are hardening against any concessions to West German demands.

However, Bonn is believed to have stressed in discussions here this week that it would not underwrite any new deal for Britain without some solution to its own payments problem.

"Many governments see the German campaign as potentially more dangerous for the Community than Mrs Thatcher's demands have been," said a senior Community official yesterday.

Other governments believe that, while the UK as a poorer member state can justifiably argue that its transfers to Brussels are too high, West Germany has no such grounds for complaint.

They claim that it is totally false for Bonn to focus on its budget balance when for years it has been running a £6bn surplus on its trade account in manufactured products with other member states.

Bonn's demands have become more insistent as the need for reductions in its domestic public spending plans have become more urgent.

Its net payments to the EEC are expected to rise from *DM 4.8bn (£1.175bn) to DM 6bn* next year. One of its main aims appears to be that other comparably wealthy states—Denmark, the Netherlands and the Benelux—should take a greater share of financing the Community and paying for any further rebates to the UK.

As a result, it appears that next month's European Council in London will have great difficulty agreeing operational guidelines for a negotiated settlement on the issue.

Foreign Ministers are expected to discuss the growing crisis when they meet in Luxembourg next Monday. Germany will be urged to spell out precisely what it wants.

Only the UK has so far supported the broad West German position, but British officials are becoming exasperated by the lack of any detailed initiative from Bonn. At the same time, they are finding that neither the European Commission's proposals for a longer term solution for the UK nor Britain's own ideas for a settlement are winning much support from other member states.

By contrast, negotiations among the Ten—in a special "mandate group" of their ambassadors to the EEC—on related EEC reform issues are said to be making some progress. This is despite sharp public divisions during this week's meetings of agricultural and economics and finance ministers.

# Confidence of industry increases

By Jonathan Carr in Bonn

West German industrialists are more confident about business prospects over the next six months, although the building sector remains depressed and there are few hopes of improvement.

A survey of business opinion taken in September and released today by the IFO Economic Research Institute shows a broad improvement in orders and production and hopes of a further boost to exports.

In the key capital goods industry, the number of companies describing their orders position as unsatisfactory has declined for the first time in more than a year.

Makers of passenger cars and electrical consumer goods are among those reporting an upturn, while the textile and leather sectors remain in a business trough.

The building industry reports further discouraging results.

# Spending cuts hit W. German coal projects

BY KEVIN DONE IN FRANKFURT

WEST GERMANY'S amibitious plans for the coal industry have been substantially reduced by the squeeze on public expenditure.

Of 14 coal conversion projects involving a possible total investment of DM 13bn (£3.1bn) put forward in early 1980, only five are likely to attract federal funding.

The West German Economics Ministry has allocated DM 1bn in its medium-term budget planning for 1982-85 to support the building of a number of commercial scale gasification plants, but it appears unlikely that more than three plants will be subsidised.

The Federal Research Ministry has funds of DM 950m planned for the development of coal conversion technology, mainly liquefaction, for 1982-1985.

Seven gasification projects are still being actively considered by the Economics Ministry, involving a total investment estimated at DM 4.7bn if they were all to be realised.

The Ministry will decide in the next six months which plants to support, but it currently favours only three:

- A Ruhrkohle Ruhrchemie plant to produce 400m cu metres of gas a year from 250,000 tonnes of German steam coal. The gas would be used in the manufacture of petrochemicals.
- A Shell plant to produce 215,000 tonnes a year of methanol from 324,000 tonnes of imported coal.
- A Klöckner plant to produce 880m cu metres a year of synthesis gas from 850,000 tonnes of imported coal. The gas would be used to substitute natural gas and fuel oil in steel production.

A further gasification plant is planned by Rheinbraun for the gasification of lignite, but this is almost certain to go ahead without federal aid. Building is scheduled to start in two to three months. This plant will cost DM 300-DM 400m and is planned to produce 1bn cu metres a year of synthesis gas from 2m tonnes of lignite.

# Schmidt plans to remain leader until 1984

BY JONATHAN CARR IN BONN

HERR HELMUT SCHMIDT has made clear he plans to stay on as head of the West German Government until the general election in 1984 despite his heart operation last week.

However, in an interview with the Munich Sueddeutsche Zeitung, he said it would be better if he did not stand for another four-year term.

The Chancellor was careful not to exclude the possibility that he might stay on after that if friends pressed him to do so and if reasons of state seemed to make this unavoidable.

But he added: "In autumn 1984 I will have been Chancellor for 10½ years. That is a very, very long time, not just for me personally, which is not so important, but for the country."

On the face of it these remarks do not appear to go much beyond Herr Schmidt's often stated intention before the operation to stay on until 1984 "and perhaps a bit longer."

Herr Schmidt seemed keen during the interview to convey the impression that it would be virtually "business as usual" again.

He said people had always underestimated his ability to relax with art and music. Although he would now cut his daily work load, it would not be by much.

He obligingly unbuttoned his shirt to demonstrate to the interviewer where the pacemaker had been fitted. It comes into action if Herr Schmidt's heart starts to beat less than 60 times a minute.

# Walesa says union should not attempt takeover

By Christopher Bobinski in Gdansk

MR LECH WALESA, the leader of Poland's Solidarity union yesterday warned that a union attempt to take over the *State could lead to worse* totalitarianism.

He was speaking at the first day of a policy meeting of the union's 107-man national commission, the first since the union's congress earlier this month in Gdansk.

The meeting has to decide policy following a party central committee session at the weekend which called for a ban on strikes. The national commission is also meeting against a background of widespread industrial discontent caused by food shortages.

Mr Walesa urged that Solidarity concentrate on establishing workers councils which with the union, the State and the party administration would make up the basic institutions in the future.

Mr Walesa said that some kind of controlling body over all three, which enjoyed the confidence of the population would be necessary to maintain the balance.

This is in line with the latest Solidarity proposal that an economic council, independent of the Government, be established, which would be able to co-determine economic policy.

Mr Walesa was replying to Mr Jan Rulewski, the union leader in Bydgoszcz, who is a well known radical. Mr Rulewski urged that Solidarity work for free Parliamentary elections as an immediate way of protecting the democratisation process.

Faced by signs of an official crackdown on union publications other speakers argued that the union should officially declare itself under threat and order what would in effect be preliminary preparations for a general strike.

# French Socialists aim to display unity at congress

BY DAVID HOUSEGO IN PARIS

THE French Socialist Party meets for its two-yearly congress in Valence today in a mood of celebration after its victory in the Presidential and legislative elections. It is determined to present a facade of unity.

The last congress in Metz in 1979 was marked by the bitter rivalry between M Francois Mitterrand, now President, and M Michel Rocard, now Minister of Planning, over who would stand on the Socialist ticket for the Presidency—a rivalry that continues to echo through the new administration.

But in advance of the three-day meeting M Mitterrand and his followers have succeeded in delivering a considerable snub to the Rocard faction by reducing its representation on the management committee of the party and putting themselves in an absolute majority. This was achieved in manoeuvrings over the motion to be put to the congress.

With this major source of friction removed, the meeting is likely to be mainly an occasion for self congratulation and for exploring ways to hold the party together in the inevitably difficult years ahead.

The importance of discipline was underlined the other day by a senior Minister who said the Communists would stay in the Government while the Socialist Party remained united, but would quit if they believed that splits were developing.

Members of the parliamentary party have already been at odds with the Government over its policies on energy, immigrants and the reform of the labour law. The criticism that M Edmond Maire, the pro-Socialist leader of the CFDT union, recently made of government economic policy are also believed to reflect some of the private doubts of M Rocard.

M Rocard: rivalry with Mitterrand continues

At this stage, however, it would be wrong to put these differences above the unity the party is anxious to project.

Among topics of discussion at the conference will be relations between the party, its members in the National Assembly and the Government.

The motion before the congress rules out the party laying down in the decisive manner of the Labour Party in Britain what the Government's programme should be. The party's task, it says, is to initiate and develop policies.

# Employers in Spain to end contract boycott

By Robert Graham in Madrid

THE SPANISH employers' federation, CEOE, has agreed to end its three-week boycott of the social contract it signed with the two leading trades unions and the Government in June.

This followed a meeting between Sr Carlos Ferrer Salat, the CEOE president, and Sr Juan Antonio Garcia Diez, the Economy Minister.

It is not clear whether the Government has made any concessions to the employers. In his meeting with the Economy Minister, Sr Ferrer Salat handed over a 50-page document outlining the employers' complaints about the social contract and concern over the Government's 1982 budget proposals.

The government, in public at least, *has merely agreed to* hold a tripartite meeting before the end of the month.

The social contract laid down that wages in 1982 would be contained to a band of 9-11 per cent in the private sector and 8 per cent in the public sector.

# European Court to act over drink import taxes

BY JOHN WYLES IN BRUSSELS

EUROPEAN Community member countries face countless actions at the European Court aimed at removing a patchwork of *discriminatory taxes against* imports of alcoholic drinks.

The UK could be one of the first to be affected, because the court has ruled in an interim judgment that Britain's differential taxation rate on wine and beer—currently 4.175 times bigger on wine than on beer—tends to discriminate against the former.

After repeated attempts in the past 18 months, EEC tax ministers finally acknowledged on Tuesday that they were unable to agree on the necessary steps to harmonise their excise taxes on alcoholic drinks.

This means that the case brought by the European Commission in 1978 against the UK's wine/beer tax ratio must now be concluded by the court.

The court has delayed a final judgment to allow time for a political agreement.

The Commission has been left with little alternative but to pursue at least 22 cases, already under preparation, against most other member states which discriminate in *favour of local brews. All these* would allege contravention of Article 95 of the Treaty of Rome.

In the British case, the court may well decide to impose a ratio which would require the UK Government over a period to strike a different balance between wine and beer. It is unlikely, however, to issue a ruling that would make an immediate difference to either beer or wine prices.

The British tax ratio has been reduced from nearly five to one over the past 18 months. In pushing for a compromise agreement the UK has indicated that 3.5 to one would be acceptable. A European Court decision in favour of three to one is expected by some observers.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

**Victor Walker** in Athens profiles the new Greek Foreign Minister

# Greece tackles Cyprus problem

THE NEW Greek Foreign Minister, Mr Ioannis Haralambopoulos, who will be plunging into talks on the Cyprus issue less than two days after taking office, is a 62-year-old retired army colonel and one of the most politically experienced members of the Socialist Government of Mr Andreas Papandreou.

The first problem on his desk is Cyprus. Mr Haralambopoulos, who said on taking over the Foreign Ministry on Wednesday that the policy of the new Government would be radically different from that followed by the previous Administration, will have talks this week with the Greek Cypriot leader, Mr Spyros Kyprianou.

Mr Haralambopoulos told his victory Press conference on Sunday night that "the people of Cyprus realise that we support them, understand their problems and are not prepared to accept faits accomplis."

During his electoral campaign, Mr Papandreou expressed scepticism about the purpose of the continuing intercommunal talks on the island so long as Turkish troops remained there in defiance of UN resolutions calling for the withdrawal of all foreign military forces. He said the Greek-Cypriots were in essence talking not to the Turkish-Cypriot community but to the Ankara Government.

**FINAL RESULTS OF GREEK ELECTIONS**

| | Number of seats | % of vote |
|---|---|---|
| Panhellenic Socialist Movement (Pasok) | 172 | 40.06 |
| New Democracy | 115 | 35.86 |
| Greek Communist Party (Moscow Line) | 13 | 10.92 |
| Union of Democratic Centre | 0 | 0.42 |
| Greek Communist Party of the Interior | 0 | 1.37 |
| Liberals | 0 | 0.37 |
| Progressives | 0 | 1.69 |
| Party of Democratic Socialists | 0 | 0.72 |
| Christian Democracy | 0 | 0.15 |
| Revolutionary left | 0 | 0.12 |
| Revolutionary Communist Party of Greece | 0 | 0.08 |
| Byzantine National Organisation | 0 | 0.01 |
| Trotskyists-Ede | 0 | 0.03 |
| Independents | 0 | 0.21 |

Mr Haralambopoulos was born in 1919. He graduated from the Athens Military Academy in 1939 and fought in the Second World War, first in Greece and then in the Middle East.

After the war he studied at the Woolwich Polytechnic in London, obtaining a degree in mechanical engineering. He served as an instructor at the Athens Military Academy from 1953 to 1958.

He retired from the army in 1961 to enter politics as a member of the Centre Union Party of the late George Papandreou, father of Andreas. He won a Messinia seat for the Centre Union in the 1963 and 1964 elections.

After the April 1967 coup he helped set up the National Movement of Democratic Resistance (Ekda), was arrested and exiled to Syros island. He was freed in the December amnesty that followed the abortive counter-coup by ex-King Constantine aimed at toppling the junta. But he was arrested again the following August after the attempt by the late Alecos Panagoulis to assassinate junta leader George Papadopoulos. He spent three months in prison, followed by three years in exile in remote villages. He was released in 1971.

In 1972 he became the leader in Greece of Mr Andreas Papandreou's Panhellenic Liberation Movement (Pak). He was arrested for the third time after the polytechnic uprising in November 1973 that led to the fall of the Papadopoulos junta and its replacement by that of Brigadier Demetrios Ioannidis. He was tortured at the Athens heaquarters of the military police and was shipped to a concentration camp on the Aegean island of Yaros, where he was held until the restoration of democracy in 1974.

Mr Kyprianou: talks with Mr Haralambopoulos

# Land reform pledge for Turkey

BY METIN MUNIR IN ANKARA

Gen Evren: No landless farmers

GENERAL KENAN EVREN, the Turkish head of state, has promised land reforms after which, he says "there will be no landless farmers left in Turkey."

This is probably his most ambitious project since he seized power 13 months ago.

Gen Evren made the announcement at a public rally in eastern Turkey, where the structure of land ownership is feudal and among the most inequitable in the world.

The place he chose was Urfa, a backward province in what was once Upper Mesapotamia, the "cradle of civilisation" between the Tigris and Euphrates rivers.

Three-quarters of the land in wheat-growing Urfa is in the hands of *agas* (feudal chieftains). More than half of the Urfa farmers do not own land.

"No landless farmers will be left in Turkey," said Gen Evren, after a land reform Bill, now before his ruling council of generals is "soon" enacted.

Land reform has been one of the most explosive issues in Turkey, which is predominantly agricultural, since the 1940s. Several unsuccessful attempts have been made to reform land ownership. The last Land Reform Act was forced through an unwilling Parliament by the generals after the 1971 coup. It was a failure and was discontinued after the Act was abrrogated by the Constitutional Court.

The inequity in land ownership and oppression of *agas*, who traditionally align themselves with the Government in Ankara, was one of the chief reasons of political terror in eastern Turkey, where the majority of the population is of Kurdish extraction.

Gen Evren's Administration is giving top priority to improving the lot of the population in the east.

## Ecevit charged after criticising authorities

**ANKARA — Turkey's military authorities have started legal proceedings against Mr Bulent Ecevit, former Prime Minister, after a statement he made criticising the military rulers Ankara's chief martial law prosecutor said yesterday.**

**Colonel Nurettin Soyer said an indictment against the 56-year-old Social Democrat had ben sent to a martial law court.**

**Mr Ecevit, who was questioned by the authorities for more than an hour yesterday, was charged with violating a decree issued by the ruling junta last June preventing ex-politicians from making public political statements.**

**Mr Ecevit issued a statement to the State Broadcasting Corporation on Monday, stating his opposition to the military administration.**

**Reuter**

**Kevin Rafferty** interviews the Malaysian Prime Minister

# 'We are prepared to pay the price'

**MALAYSIA'S PRESENT** quarrel with Britain is more serious than a mere tiff which will soon blow over and the Prime Minister's decision to effectively blacklist British goods and British consultants for all official Malaysian dealings could cost Britain millions, and eventually billions, of pounds unless there is a change of heart.

But there is more to it than the financial cost. Datuk Seri Dr Mahathir Mohamad, Prime Minister since June is calling for the end of the colonial era almost 25 years after Malaysia became independent. The Prime Minister and his colleagues feel that their country is still being pushed around by Britain.

In a wide-ranging talk last weekend, the Malaysian Prime Minister stressed that the decision to refer to his own department all official contracts which would have been won by British companies had not been taken as a result of a single incident. There are several factors.

Malaysian Ministers often feel snubbed by British Cabinet Ministers while British Ministers visiting Malaysia appear to expect red carpet treatment and even a chat with the Prime Minister.

The house of Datuk Musa Hitam, the Deputy Prime Minister, has a table full of pictures showing him shaking hands with Presidents and Prime Ministers from all over the world. They include President Reagan, President Suharto of Indonesia, Prime Minister Indira Gandhi of India, Prime Minister Pierre Trudeau of Canada and many others—but no British leader. Datuk Musa says he has only seen junior British Ministers on his visits to Britain.

Dr Mahathir recounted his own experiences. "It has been very difficult to see members of the British Government. But during one of my visits to Britain, the then Minister of Trade (Edmund Dell) requested that I should see him. I don't normally get requests like that but I was willing to go. At that meeting the matter of the Concorde was still on and he told me that he would like this thing to be cleared before he visits Malaysia.

"I am Deputy Prime Minister and I am called by a Minister and told I must clear this matter up before he visits my country." The Prime Minister said he felt like a junior clerk being told what to do.

Another contentious matter is the raising of British university fees for foreign students which has hit Malaysia hard as it has 19,000 students in the UK, more than any other country.

Air traffic rights have also caused concern. The history of disagreements goes back to Concorde. According to Dr Mahathir "sometimes we are made to feel that we do not exist. For example when Britain decided to fly the Concorde we were just informed by an advertisement that the Concorde would fly in our airspace and we were not even asked about it or even informed beforehand of the intention to fly through our airspace.

"Now were going to have problems with a Boeing 747, bought from British Airways. The argument is always the same, that British Airways is flying with half empty aircraft, so the Malaysian Airline System cannot have more rights. If their aircraft are empty it is not our fault. We are flying at full capacity virtually all the time, so if BA cannot fill its seats we cannot be made to pay. In fact we can fly more frequently to Britain if only we are allowed landing rights."

The most powerful argument of all concerns Malaysian purchases of British companies which have assets largely in Malaysia. Malaysia is angered by whispers of nationalisation when it has paid the full market price for shares in a company. Malaysian grumbles do not just concern the recent purchase of the Guthrie Corporation but go back over a number of years and include dealings over Sime Darby, Harrison and Crosfields and Dunlop. Dr Mahathir said that the British attitude seemed to be that everyone else could buy shares but not Malaysians.

Even when the British were prepared to sell to the Malaysians, the Prime Minister said, they sometimes went out of their way to circumvent his new economic policy, which is meant to increase the share of Bumiputras (Malays and other indigenous peoples) in the modern economy. He said at least two companies had deliberately sold shares to non Bumiputras to stop them going to Bumiputras and cited the example of Dunlop shares being sold to Multipurpose Holdings, the company set up by the Malaysian Chinese Association political party.

**Malaysia, whose robust economy is often the envy of developing countries, is heading towards a record balance of payments deficit following a slump in its export commodities, writes Wong Sulong in Kuala Lumpar.**

**Malaysian economic officials estimate that this year's balance of payments deficit on the current could be as high as US$2.5bn—or 10 times more than the deficit in 1980.**

**In the face of the current slump, the Malaysian budget, due today, is expected to contain a growth target of 7 per cent.**

**Malaysian officials admit the balance of payments problem is "serious," but it should improve by 1983, when the giant liquid natural gas project at Bintulu in Sarawak begins its first LNG exports to Japan.**

**On the whole, Malaysia is expected to record a real GNP growth of 6.9 per cent for this year, compared with 8.2 per cent in 1980.**

Dr Mahathir commented: "I have no grouse against the Multipurpose buying. They are entitled to buy them. But the fact that the British company went straight for exactly the opposite of what the new economic policy is all about. This to us at the very least exhibits a lack of understanding."

[Dunlop said yesterday that as the 51 per cent stake in its Malaysian estates was going into a company jointly owned by Multipurpose and Pegi Malaysia (a Malay company) it assumed the deal would be satisfactory to the authorities. Lawyers were still tidying up the details of the deal, which is subject to Malaysian Government approval, a spokesman said.]

"If, for example, Motorola invests in a company here and it is given all kinds of status and it is 100 per cent foreign owned we will not take that company. If Motorola's shares are sold in the stock market we can buy and if we have enough money we may buy control of the company. That does not mean we are nationalising the company inside Malaysia.

"But every time we buy shares this talk of nationalisation comes up, obviously in order to impress on the Americans, the Germans, the French, that Malaysians are not reliable, that if you invest in their country they are liable to buy your investment. Is it wrong to buy investments? If you don't want to sell the shares then you don't sell. But if you're selling your shares in the market to everybody, you cannot sell to everybody except Malaysians."

Throughout the interview the Prime Minister was relaxed. His message was that this policy had been carefully thought out and he felt justified in it. He said "we are prepared to pay the price" of not taking British goods. There have been reports of disagreements in the Malaysian Cabinet and even a whiff of a suggestion that British politicians or businessmen might be able to play on these and split the Cabinet. It would be a false hope.

Although other senior ministers may not have acted as the Prime Minister has done, he has a united Cabinet. Another senior minister said that Dr Mahathir had brought the colonial era to an end perhaps more abruptly than expected but it was time for Britain to realise that Malaysia was independent.

For Britain the decision is a blow. Last year UK exports to Malaysia totalled £235.5m, giving Britain a trade surplus of £46.5m. But the real danger now, accepting that not all trade was official, will be that because of the publicity, Malaysian civil servants and others may go out of their way to be nasty to the British, believing that they are carrying out official policy.

In this case a lot more will be at stake, including British hopes of winning a share of Malaysia's £2bn defence build-up of 1981-1985.

Press coverage has not helped. Malaysian ministers cite a news report in The Times that Dr. Mahathir had spoken to Mr. John Nott, the British Defence Secretary, through an interpreter, when the Malaysian Prime Minister can, and did, speak fluent English. The report, they said, was insulting to Malaysia. They were also annoyed by a leading article in the Financial Times, which they saw as patronising.

# Iran Parliament rejects nominee for premiership

BY TERRY POVEY IN TEHRAN

IN A MAJOR rebuff to its newly-elected President, Iran's Parliament yesterday voted by a narrow majority to reject his nominee for the post of Prime Minister.

After the vote, President Sayyed Ali Khamenei, said that, while his reasons nominating 36-year-old physician Dr Ali Akbar Velayati to the premier's job remained valid, he would, however, present for Parliament's approval one of the five other persons he had considered for the post some time next week.

This vote by the Parliament was "a courageous demonstration of its independence," he said.

Yesterday's vote followed two-and-a-half hours of closed session discussion of Dr Velayati's nomination on Tuesday. Eighty deputies voted against the proposal but 74 in favour and 40 abstained.

According to the President the number of abstentions reflected "lack of knowledge" of Dr Velayati. Two criticisms of his choice were made privately by deputies after the vote. Some of the assembly's more radical members doubted his commitment to such things as the need for a widespread land reform. Others felt he was not strong enough to be able to continue the practice, established during Mr Abolhassan Bani-Sadr's presidency, of a strong Parliament exercising its influence by chosing an assertive premier.

This rejection cannot but be seen as a blow for Mr Khamenei. In an article published on Wednesday, he explained at length what the necessary qualifications were or "an ideal Prime Minister" and was, by implication, saying that Dr Velayati was such a person. This vote is also being taken as an indication of the extent to which political assassinations have weakened the hold over Iran's Parliament of members of the ruling Islamic Republican Party, of which the President is secretary-general.

President Khamenei: backed Velayati

When approached after the vote, Dr Velayati refused to make any comment.

● Iran's state radio reported yesterday that a Sunni clergyman had been assassinated by members of the Kurdish Democratic Party, in the town of Naghadeh in western Iran.

# Tehran may boycott Opec talks

BY OUR TEHRAN CORRESPONDENT

IRAN IS to maintain its uncompromising position and will send only officials to represent it at next weeks' extraordinary conference of the Organisation of Petroleum Exporting Countries in Geneva, which is expected to realign prices on the basis of a common reference of $34.

The possibility that Iran might change its position at the last moment and decide to boycott the conference altogether cannot be ruled out.

"We are watching the situation minute by minute, and the proposal to send three officials instead of the Minister or one of the deputy Ministers is our position at this time," said an official.

The deciding factor appeared to be the position being taken by Iran's two firmest Opec allies in recent times, Libya and Algeria. It has aligned its prices with the high premiums charged by them. If — as appears probable — they are prepared to compromise by bringing down their rates from $39-40 to $37-38, then Iran would be represented at a lower level or not at all."

Figures on Iran's current oil exports are shrouded in official secrecy. But the present level is estimated by observers to be 400,000 barrels a day. About one-third of the revenue from these sales is consumed by existing barter and debt repayment obligations. Foreign exchange reserves have fallen to little more than $2bn.

In Tehran, some expect that, if an agreed $34 per barrel price emerges from the Opec meeting, then Iran will, after protest, reluctantly acquiesce in this. Others, however, fear that, because the battle between pragmatists and hardliners within the regime remains unresolved, the political unity required for such a decision does not exist.

● Nigeria has offered purchasers a discount of $1.50 off its current oil price of $36, Reuter reports. Lagos has proposed an extension of up to 120 days as an alternative. Each 30-day grace is reckoned to be the equivalent of a 50-cent reduction per barrel.

# Meeting on Palestinians resumes

BY DAVID LENNON IN TEL AVIV

EGYPTIAN, U.S. and Israeli officials resumed detailed discussions in Tel Aviv yesterday on autonomy for the 1.3m Palestinians living in the occupied West Bank and Gaza. This is the first full working session at civil service level since Egypt suspended the talks 16 months ago.

The U.S. has told Israel that it wants to see some real progress in the renewed talks so as to strengthen the position of Mr Hosni Mubarak, the new Egyptian President.

For their part, Egyptians have also indicated that they want to break the deadlock on the scope of the autonomy which has hampered the talks since their inception in May, 1979, and led to their suspension in May last year.

Egyptian officials have indicated that they may present a document in the present talks which outlines the maximum Egyptian demands. They said the intention was to jolt the Israelis into making a more serious effort to negotiate an agreement granting full self-rule to the Palestinians.

Israel is insisting that the Palestinians, living under occupation, should be granted only very limited local self-rule, without any legislative or judicial powers. Israel also insists that it retain ultimate control over the West Bank and Gaza.

After the ministerial level discussions in Cairo last month on resuming the talks, Israeli officials admitted that there are 15 major issues still in dispute with Egypt. After the session yesterday morning an Israeli official said that while the talks had been fruitful, there was no indication of a change in the position of either side.

# Sinai force requests strain U.S. ties

By Our Foreign Staff

U.S. RELATIONS with its allies are coming under strain as a result of Washington's request that they contribute contingents to the peace-keeping force which is to take up positions in Sinai, following final Israeli withdrawal in April next year.

Britain has come under pressure to participate in the operation. Together with France and Italy, it is considering the question.

In reality it is reluctant to take part in an exercise for fear collaboration might be seen as an endorsement of the Camp David accords governing the Egyptian-Israeli peace treaty and the associated talks on Palestinian "autonomy."

U.S. difficulties in trying to broaden the basis of the force have been compounded by a statement by the Australian Parliament by Mr Malcolm Fraser yesterday in Canberra.

Mr Fraser told the U.S. that Australia will join an international force if Britain and Canada do as well.

He appeared to be taking refuge behind conditions that may not be met. The issue is a sensitive one in Australia, where more than 70 per cent of the population oppose involvement, according to opinion polls.

Canada's participation has not hitherto been seriously discussed. The U.S. is well aware, meanwhile, of the British Government's inhibitions, shared by other members of the European Community, which are related to its belief in the need to develop an alternative approach to the Palestinian problem.

EEC officials are expected to discuss the question today in London. Further consultations will almost certainly take place early next week when EEC Foreign Ministers meet in Luxembourg.

Last week they gave qualified approval to Crown Prince Fahd of Saudi Arabia's eight-point peace plan as an alternative approach to the Camp David accords for solving the Palestinian problems which EEC members consider inadequate.

Of the Ten, France has responded most positively to U.S. overtures. President Francois Mitterand expressed willingness to help assemble an international force.

So far only Colombia and Fiji have agreed to contribute batallions to the 2,000-3,000-man force on the ground that is envisaged. Uruguay has also agreed to participate.

The U.S. is looking to other Western states to provide air, coastal, logistics and communications units.

# India plans new port to take pressure off Bombay

By K. K. Sharma in New Delhi

A NEW port is to be developed on the islands Nhava Sheva, near Bombay, at a cost of Rs 55bn (about £3.3bn) to take the pressure off the main Bombay port which has serious congestion problems.

This was announced yesterday by Mr Veerendra Patil, India's Minister of Shipping and Transport, at a meeting of the national harbour board at Managalore in Karnataka State. The detailed project report for the new port is expected within a few months, he said.

Mr Patil said that the cargo handling capacity of main Indian ports would rise to about 30m tonnes a year by the completion of the current sixth five-year plan which ends in 1985.

The port projects being implemented involved an investment of Rs 15.5bn. They would add 17 more cargo berths in the 10 major ports whose cargo handling capacity would rise from the present 101.31m tonnes to 131.56m tonnes by 1985.

Mr Patil said that the consultants for the new Nhava Sheva project had already submitted an interim report on it and firm orders for equipment for the port would be made when the final report was available.

## Sasol effluent pipeline bombed

An effluent pipeline leading to the Sasol 3 oil - from - coal plant at Secunda, east of Johannesburg, was slightly damaged in a sabotage incident yesterday, Bernard Simon writes from Johannesburg.

About the same time, the nearby town of Evander was partially blacked out after an explosion which damaged an electrical sub - station transformer.

A Sasol spokesman said yesterday that the explosion at Sasol 3 had taken place outside the security area and that damage was negligible.

## Nurses stay out

A nation-wide nurses strike entered its third day yesterday with a Government warning that patients could die in hospitals run by trainees, army medical orderlies and Red Cross volunteers, Ap reports from Salisbury. Meanwhile, thousands of Zimbabwean teachers, threatened with instant dismissal if they did not end their separate four-day strike, drifted back to schools throughout the country.

## Thai chemical claim

The Thai Army yesterday accused Vietnamese troops in Kampuchea of using toxic chemicals against Khmer resistance forces, Reuter reports from Bangkok. A military official said Vietnamese forces recently sprayed unidentified chemicals beside a road close to the Thai border

## W. Sahara attack

Morocco said that Mauritanian troops joined Polisario guerrillas in an assault on the Moroccan desert outpost in the Western Sahara last week, and some were injured in the attack, AP-DJ reports from Rabat. After the outpost was recaptured, Moroccan fighter-bombers attacked a Polisario sanctuary inside Mauritania for the first time.

# Chinese writer sent on tour to remould views

BY TONY WALKER IN WUHAN

BAI HUA, China's best known anti-establishment writer, has been sent on a tour of the countryside to remould his views, according to an official in Wuhan, the writer's home town.

"Bai Hua is going to the grass roots in order to collect material so that he can immerse himself in the life of the ordinary people there," the official said in an interview.

Bai Hua has been trenchantly criticised in the official press over his script for the film, Bitter Love, the story of a disillusioned overseas Chinese, who returned to China only to be persecuted during the cultural revolution. The key phrase in the script — "I love my motherland, but my motherland does not love me" — so angered China's leadership that, in the middle of this year, both Chairman Hu Yaobang and powerful vice-chairman Deng Xiaoping singled Bai Hua out for criticism.

Deng complained about tendencies towards "burgeois liberalism" in the work of China's writers, and said this must be stopped.

Since Deng issued his instruction, there has been a noticeable hardening of official attitudes towards art and literature, which falls outside the officially sanctioned mainstream of socialist realism.

The authorities have, over the past year or so, banned dissident magazines which began circulating during the democracy movement. Several of the more forthright political activists from the days of the democracy movement, notably Wei Jinsheng, are serving sentences for dissident activity.

Authorities in Wuhan could give details about Bai Hua's whereabouts but insisted he was not being disciplined. One official said, however, that Bai Hua's script for "Bitter Love" was not true to fact. "The motherland loves all the people," the official said.

Bai Hua is believed to be in his 50s and is attached to a "literary creative group" at the headquarters of the People's Liberation Army in Wuhan. He first came to the notice of foreign observers late in 1979, when he spoke at a writers' conference in Peking. Bai Hua attacked constraint on literary freedom and told China's artistic establishment that, while his friends warned him not to be so outspoken, he did not intend to remain silent.

# Ford offers workers deal to save components plant

BY DAVID LASCELLES IN NEW YORK

FORD MOTOR, the U.S.'s second largest car maker, which is trying to cut labour costs and stem losses, has offered workers a last-ditch deal to save one of its components plants: Take a 50 per cent cut in wages and benefits, or buy the plant yourselves.

The deal is the toughest Ford has ever put to a group of its workers, and it is a rare instance of an employee buy-out offer.

It also comes as the car industry is gearing up for negotiations on a new three-year wage contract starting next year, which are bound to produce some tough bargaining.

The plant, located in Sheffield, Alabama, makes aluminium castings for Ford cars, including its latest Escort compact model on which the carmaker is pinning its hopes in the small car market. It employs about 1,100 people, most of them hourly-paid.

The plant has been losing money for six years, mainly, Ford says, because it is run by car workers, who are paid on a more generous basis than other aluminium component makers who have different trade unions.

Under this week's deal, the workers must come up with proposals that will cut the plant's wage bill in half by trimming pay and benefits. In return they will be offered a profit-sharing plan as an incentive to get the plant back into the black.

Alternatively, they can choose to buy the plant themselves at a price to be negotiated. In this case, Ford says it will consider entering into a supply agreement with the plant, provided that it has the makings of a viable and reliable supplier.

The workers have until midnight on November 15 to respond. Yesterday, officials at the plant said it was too early to say what would happen, though the United Autoworkers Union is involved at a high level from its headquarters in Detroit.

The deal involves one relatively small plant in the Ford empire, but it highlights many burning issues in the car industry.

# U.S. Senate condemns Gadaffi

BY DAVID BUCHAN IN WASHINGTON

THE U.S. SENATE yesterday condemned President Muammer Gadaffi of Libya for supporting international terrorism, called on President Reagan to conduct "an immediate review of concrete steps" against Libya, but stopped short of blocking oil imports from that country.

Senator Charles Percy, who chairs the Foreign Relations Committee, proposed the non-binding resolution condemning Libya, warning against any "precipitous" embargo of Libyan oil. The Senate narrowly voted down an amendment that would have stopped all imports from Libya within 90 days of passage of the 1981-82 foreign aid Bill.

Even before the Senate action, the Administration was believed to have been weighing what practical measures it might take to reinforce its anti-Gadaffi rhetoric. However, Senator Percy's caution about a "precipitous" oil embargo is also believed to reflect Administration thinking that unilateral U.S. action might have little effect against Libya, which could sell its high quality crude elsewhere.

The Senate resolution came as the New York Times reported that U.S. pilots and mechanics, including some veterans of the U.S. services, have been flying and maintaining Libyan air force aircraft.

THE CANCUN SUMMIT

# Haig optimistic over Namibia

BY REGINALD DALE IN CANCUN

THE U.S. Secretary of State Mr Alexander Haig, yesterday expressed growing American optimism that agreement can be reached on Namibian independence, "hopefully in 1982."

Mr Haig gave a confident report on progress in the negotiations with the "front-line" African states, the Namibian internal parties and South Africa after the meeting between President Ronald Reagan and President Shehu Shagari of Nigeria.

The two leaders held a separate meeting in advance of the 22-nation Cancun North-South summit, which opened here yesterday.

Nigeria is not technically a "front-line" state, but has been closely involved in the effort to find a Namibian solution led by the Western contact group, the U.S., the UK, France, Germany and Canada.

South Africa's acceptance of United Nations Security Council resolution 435 showed "great promise" for the future of the negotiations, Mr Haig said.

The resolution, laying the basis for the latest UN-sponsored independence efforts, calls for free and fair elections in Namibia under UN supervision.

After initially accepting the resolution, South Africa backed away from it over the last two years. But Pretoria has recently been persuaded, largely by U.S. efforts, to renew its support for it.

Mr Haig said President Shagari shared Mr Reagan's concern over "efforts to destabilise" many regimes in Africa, and particularly over the Libyan intervention in Chad.

There was an urgent need for a Libyan withdrawal, either through the formation of an OAU peace-keeping force or some other political framework to provide an incentive for Libya to pull out, he said.

President Reagan had also expressed his concern to President Shagari over the continuing presence of Cuban forces in Angola after six years.

Reuter adds from Washington: Mr Chester Crocker, Assistant Secretary of State, has left for an African trip that will include talks on progress towards independence for Namibia.

# Rich meet poor amid the blue

BY REGGIE DALE AND WILLIAM CHISLETT IN CANCUN

CANCUN, the site of the 22-nation North-South summit on the Mexican Caribbean, is hardly a monument to the open market, free enterprise development policies that President Ronald Reagan has come here to advocate.

Ten years ago the resort was no more than a deserted jungle sand bar at the edge of a lagoon, when it was picked by a government computer as the "new Acapulco" — on the grounds of its climate, beaches, and "natural beauty."

The entire multi-million-pound development was planned, financed and subsidised by the Government. It is not, as the local Press describes it, a "jet set" resort, though it is certainly expensive by Mexican standards (a very average hotel room costs £33 a night).

Much of it is in poor taste with imitation thatched cottages dotted between enormous piles of concrete that turn out, on closer inspection, to be hotels. They dwarf small pre-Columbian ruins; there is even a ruined Mayan temple at the 12th hole of the golf course.

The inhabitants, used to the slow pace of Mexican holiday-makers, are bemused and overwhelmed by the hectic pace of international summitry.

Blue is the predominant colour — intense blue sky, brilliant blue sea, blue lagoon and ubiquitous blue swimming pools. Blue is also the colour of the frequent Press briefings given by Mr Alexander Haig, the U.S. Secretary of State.

Mr Haig appears, in trim blue sports shirt and red, white and blue golfing trousers, against a bright blue wall. One can only asumes that it is effective in bringing out the colour of his bright blue eyes on television.

Sometimes, Mr Haig talks on background, as a senior Administration official, sometimes on record, as himself. As he often says the same things in both capacities, the results can be confusing, if not farcical.

Asked on the record about a statement he had previously made on background, Mr Haig started his reply by saying: "I want to make it clear that when I express on behalf of the Administration official who was here earlier. . ."

The U.S. in Cancun is repeating the information tactics it employed so successfully at July's Ottawa summit to try to ensure that Mr Reagan emerges as the dominant figure—at least in the American media, which is its overriding preoccupation.

The idea is to deluge the White House Press corps with an unending stream of high-powered briefings in an hotel some way from the main Press centre, thus ensuring that many American journalists do not have the time, or the inclination, to go to anyone else's briefings.

# Headaches in Washington as El Salvador blood-letting continues

BY WILLIAM CHISLETT, RECENTLY IN SALVADOR

THE THREE Huey helicopters landed on the football field and the flimsy huts collapsed buffeted by the swirling air. U.S.-trained Salvadorean troops poured out and took the guerrilla camp without a shot being fired by the rebels.

Meanwhile, less than 100 miles away from this attack in San Salvador, capital of El Salvador, the embattled central American country where some 30,000 people have died in two years of civil war, guerrillas overran a National Guard garrison and hoisted their flag.

The first incident took place earlier this month in front of an enthusiastic crowd of 20,000 in San Salvador's stadium as the country's beleaguered U.S.-backed junta celebrated independence day with a display of military force and rousing speeches.

The second incident was near the border with Honduras, where guerrillas control mountainous areas. The U.S. is having great difficulty controlling the revolution in its backyard. Central America, long under its tutelage, is rapidly disintegrating.

The Right wing military dictatorship in Guatemala is engulfed in political violence. The death toll is about 25 a day which is similar to that in El Salvador, but Guatemala is not yet in a state of civil war.

Nicaragua underwent a national insurrection against the Somoza dynasty in 1979 and is now ruled by the Left wing Sandinistas. Costa Rica, the only democracy in the region, faces a troubled political future with the country on the brink of bankruptcy.

Sitting on the edge of this explosive situation is Mexico, the world's fourth largest oil producer and politically stable for 50 years.

The U.S. sees the hand of Moscow behind the rebels trying to topple the military-Christian junta in El Salvador and is determined to prevent another Left wing victory.

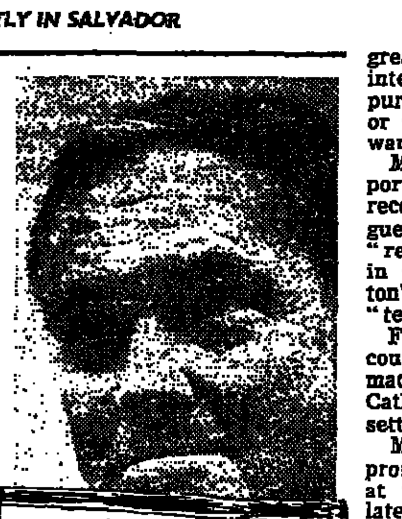
Mr Alexander Haig, the U.S. Secretary of State, believes that the tiny coffee-producing country with a population of 4.7m is the Administration's third most important foreign policy priority after Poland and Iran.

The junta, headed by Sr Jose Napoleon Duarte, was installed after a bloodless coup overthrew the country's dictatorship in 1979.

But the coup only intensified the violent struggle between Left wing guerrillas and the entrenched Right representing the handful of landowners who controlled the economy in feudal fashion before the junta pushed through land reform and nationalised the country's exports.

The 22,000-strong security forces, however, have not been able to make any significant inroads into the rebels despite $36m (£19.8m) of military aid this year and 51 U.S. advisers involved in counter-insurgency training.





President Duarte (left) and Mr Alexander Haig (right): Two who face a big problem

The rebels, although they are well organised and enjoy wide popular support, have not succeeded in their much-heralded "final" offensive.

The junta asked for a lot more economic and military aid when President Duarte visited Washington in September. El Salvadore will receive $136m this year, compared to only $10m in 1979 before the war. But while this represents a significant increase it is still less than one quarter of the estimated $625m of capital which has been taken out of the country by private investors this year.

The economy, which has declined by about 20 per cent, is in a critical state.

The plight of the country's great mass of peasants, miserably harsh before the war, is now appalling. Over 300,000 peasants have fled their thatched hut and brick homes for refugee camps. Some 100,000 of them have sought sanctuary outside El Salvador in other Central American countries.

The issue facing Washington is whether to increase military aid to the junta and risk even greater bloodshed and more international opposition to its pursuance of a military solution or seek a political end to the war.

Mexico and France, two important U.S. allies, recently recognised El Salvador's guerrilla-led opposition as a "representative political force" in stark contrast to Washington's labelling of them as "terrorists."

Furthermore, the support the call being made by the Left and the Catholic church for a negotiated settlement to end the war.

Moves are also under way to promote a debate on El Salvador at the UN General Assembly later in the year.

The U.S. does not want a negotiated settlement since it continues to view the war through the lens of East-West relations as opposed to focusing on the homegrown social origins of the conflict as Mexico and France do. There is thus a political and a military impasse.

President Duarte is only prepared to negotiate on elections. The Left, however, rejects elections as the way to pacify the country since it argues that they are not viable after so much bloodshed and with the junta dictating the rules.

It first wants to negotiate a whole series of issues including a "restructuring" of the armed forces, which have been in power for 50 years, as well as an end to martial law and the state of siege.

Sr Guillermo Ungo, who heads the Democratic Revolutionary Front (FDR), the rebels' political arm made up of Marxists, Social Democrats and dissident Christian Democrats, says the elections "will be held in the cemeteries."

Mr Deane Hinton, U.S. ambassador to El Salvador, said: "Elections will lead to the formation of a legitimate government and a return to constitutional law. If these people who support the extreme Left believe in a political solution, then this is the way."

The Left's reluctance to lay down its arms and go to the polls stems from the appalling state of human rights in El Salvador.

The army officially admits that about 350 troops have been killed in action and a further 1,000 injured. The rebel losses, out of a hardcore guerrilla force estimated at 4,000-5,000, are reportedly not a great deal higher.

The country's human rights commission, which is now located at the back of the Archbishop's palace in San Salvador after two prominent members were murdered, its telephone cut off and its old office attacked, claims that 25,051 people were murdered between October 1979 and the end of July this year.

Even without the war, the economy would be hard hit because of the low prices for El Salvador's exports, the depressed Central American market and high dollar interest rates.

The junta had to increase its defence budget by 60 per cent this year to $116m to meet the war costs. A third of the total budget increase went on the army.

The bleakness can be gauged from the fact that the central bank, whose vaults are depleted of foreign exchange, only made available $60m in July and August for import requirements for all sectors of the economy. Industry alone needs about $64m a month for its requirements. Workers are therefore being laid off.

According to a survey carried out by the Central American University, the price of milk has risen 50 per cent since the war started, red beans 125 per cent and urban transport 166 per cent.

Since wages have been frozen and inflation is sharing purchasing power, it is not easy to see how El Salvador can be less than it was 10 years ago.

El Salvador may be a tiny country which most people still know little about, but it is causing an enormous headache for Washington, given the bloodletting in sight.

# President of Honda attacks export curbs

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE THREE-YEAR programme of voluntary restraint on Japanese car exports to the U.S. which was introduced in May was attacked yesterday by Mr Kiyoshi Kawashima, the president of Honda Motor.

Mr Kawashima said he felt it was a matter for regret that the Japanese Government had decided to introduce export restraint for political reasons, despite evidence that the U.S. motor industry's troubles were not directly related to Japanese car exports.

Honda and other Japanese motor manufacturers had no choice but to obey the Government, Mr Kawashima said, but the industry was acting on the assumption that export restraint would be temporary.

Mr Kawashima also expressed concern about moves in the U.S. Congress to set a legal floor level for the percentage of American made components to be used by foreign car makers in the U.S. Such legislation could only impede moves by Japanese manufacturers to set up manufacturing operations.

Honda's U.S. car manufacturing operation is due to start next year at a factory in Ohio where the company is already producing motor cycles. The Ohio plant, which has cost $200m (£109m), will produce Accords and reach an annual production capacity of 150,000 cars within 18 months.

Mr Kawashima's criticisms of Japanese voluntary restraint in the U.S. market and of American legislative restraints echo other leading Japanese car makers. Mr Takashi Ishihara, the president of Nissan and of the Japan Automobile Manufacturers Association, has repeatedly criticised the restraint policy while saying that the industry had no choice but to obey the Government.

Japanese motor manufacturers seem determined not to let restraint continue after the three-year period to which the Japanese Government committed itself in May. However a group of American business leaders in New York yesterday urged a mission led by Mr Yoshihiro Inayama, chairman of the Keidanren (Japan's leading business confederation), to extend the restraint beyond the three-year limit.

# Textile import policy agreement reached

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE UK Government and the British textile industry yesterday consolidated their broad agreement on the desirability of holding down imports from developing countries.

Mr Peter Rees, the Minister for Trade, had meetings with the British Textile Confederation and the British Clothing Industry Association.

Their agreement will be part of the British negotiating position next week when EEC Ministers seek to define their position for international talks on the renewal of the Multifibre Arrangement (MFA).

The MFA expires at the end of the year and both industry and Government in the UK want any new agreement, which would control world trade in textiles, to fix quotas which would gear sales increases from developing countries to expected rises in consumption on the markets of industrialised countries.

This would be about 1 per cent a year, in contrast with the original MFA which worked on the basis of an increase of 6 per cent a year.

The approach is at odds with the stand taken yesterday by the International Chamber of Commerce in Paris (with UK and French delegates dissenting). The ICC clings to the basic principle of 6 per cent and wants departures from this norm to be more closely defined.

The future of the joint UK industry-government view within the EEC is by no means assured. It is less restrictive than that of the French or Italian governments but more so than that of the German Government. It differs from the European Commission's view on significant details.

The British would like the ability to cut back imports in the event of recession, for example, but the Commission has not taken such a flexible view so far.

# Spain's food sales hit by ban on cooking oil

SPANISH food exports containing cooking oil have been banned in France for three months unless acceptable proof is found to allay fears that the products might be poisoned, the Consumer Affairs Ministry said.

Spanish food products containing rapeseed oil treated for industrial use have killed 161 Spaniards and made about 16,000 ill.

The French ministry said the ban started on Monday although it became official only on publication in the Government Gazette.

It said the ban covered all Spanish food oil, or products treated with it, except pure olive oil.

Italy also announced that with the agreement of the Spanish Government it had suspended imports of Spanish tinned food preserved in oil until it was assured they posed no health risk.

The Health Ministry said the health and foreign ministries imposed the ban on October 1 and the regulations would remain until Spain informed Italy that the products were perfectly safe.

Yesterday Spain's ultra-rightist Fuerza Nueva (new force) party issued a statement urging Spaniards to boycott all French and Italian agricultural imports in retaliation for the ban.

Spanish officials have said the toxic oil has not been used in any tinned products.

Switzerland issued an embargo on all imports of olive oil from Spain. The Federal Health Department said the temporary import ban was prompted by information that numerous Spaniards who had been infected suffered relapses recently and said it has ordered intensified examination of oil and oil-based canned foods from Spain which had already entered the country.

It said no poisoned oil had been found in Switzerland so far. As a further preventive measure vegetable oil arriving from Spain will be blocked at the border until further notice.

Agencies

# Shipping insurance reform called for

BY BRIJ KHINDARIA IN GENEVA

A MAJOR REFORM of the contents of most shipping insurance policies used in international trade is being negotiated by a group of experts in Geneva.

A working group on international shipping legislation, whose membership is open to 94 countries, is trying to create an international insurance model, including a set of new standard clauses for marine insurance contracts. The model would be used, particularly by Third World governments, in their dealings with international insurance companies involved in shipping.

The group is linked to the controversial shipping committee of the UN Conference on Trade and Development (Unctad) which has played a key role in preparing proposals to end flags of convenience privileges and promote the creation of merchant fleets owned by developing countries.

The working group, which meets until October 30, is discussing three separate texts formulated at a meeting in December. One set out a model for a set of hull risk clauses based on an "all risks minus exceptions" approach under which full cover is offered but limited through specifically listed exclusions.

Another sets out a model for such clauses based on the "named perils" approach under which only specially listed risks are covered by the insurance contract.

An Unctad report before the working group says some existing insurance contracts are so antiquated and allow so little right of consultation between the parties to the contract that those seeking insurance, particularly developing countries, find it difficult to assess whether the insurance policy meets their needs.

After finishing work on the hull insurance clauses, the experts will turn to contracts in cargo insurance. The Unctad secretariat has prepared working papers listing factors the group should consider.

Unctad officials said the group's purposes were to make the legal bases of marine insurance contracts more equitable, to promote harmonisation of national laws governing such contracts, and to allow developing countries a part in formulating internationally recognised insurance clauses for the first time.

Terry Povey in Tehran examines the obstacles confronting Italian companies at work in Iran

# Depression deepens despite promise of bonanza

"The time to have decided to leave Iran was when the Shah was overthrown. We didn't, so now we are trapped in this theatre of the absurd."

"This is how one Italian official describes the position of his country's companies operating in Iran, trapped chasing payments for work already completed while every day they accumulate fresh debts so that the break-off point always has to be postponed.

For many news that such an air of gloom hangs over Italy's companies working in Iran is a surprise. By staying Italy now finds herself among the top two or three foreign nations still working on the sort of contracts that once made Iran such an attraction to the outside world.

Currently Italian companies, many state-owned, are involved in projects valued at about $6bn, according to their embassy in Tehran. Some 1,300 Italian workers and their families are living in the country and, if work on the Bandar Abbas port gets under way later this year, the number will go over 2,000.

Explaining the Italian role in Iran, Dr Giacomo Sanfelite, first secretary for commercial affairs, said: "We were the last major western country to become involved in Iran. As a result our main companies arrived here at much the same time, and most of our contracts were signed after 1974." The embassy, like many others, seems to fear that if it leaves all would be lost.

The main Italian companies operating in Iran are:

- Italconstructor — a consortium led by Condotte d'Acqua and including Dragomar; CMF and Italedil, with a $1bn contract to build the port of Bandar Abbas on the Gulf;
- Italimpianti—with an equipment supply and installation contract on a $3bn new steel mill planned for the Esfahan area in central Iran;
- Gruppo Industrie Elettro (GIE)—involved in constructing power stations at Bandar Abbas, Esfahan and at Kalan, north of Tehran;
- Saipem and Snamprogetti—both subsidiaries of ENI, the state oil company, involved in contract maintenance work on pipelines, construction of 400 km of gas pipeline in southern Iran and of the Kangiran gas treatment and gathering station in the northeast;
- Italstrade—which has just completed a 400-km highway east of Tehran;
- IPI-System—assemblers of prefabricated schools and temporary housing complexes for use on major construction sites: and,
- SAE—power lines and sub-stations connecting Bandar Abbas to the national grid and Esfahan, 750 km away.

**Italy's exports to Iran grew considerably during the 1970s, rising from less than $180m in 1973 to $1.07bn by 1978. Italian purchases from Iran, overwhelmingly oil, regularly ran ahead of sales, and there was a trade deficit of $500m in 1978. After the revolution its exports to Iran fell to $410m in 1979, but rebounded to $580m in 1980. Reduced oil purchase gave Italy a $200m trade surplus with Iran last year**

Despite this list many of the individual site managers and representatives of these different companies evince an air of depression and, in some cases, of fear.

A case in point is the work on the Bandar Abbas port, the completion of which is of strategic importance to Iran, given the Gulf War and the long-term benefits of a port at the mouth of the Gulf.

At the end of August Iran gave the green light to a new agreement for Italconstruct to finish the work. This entailed a price escalation, and Iran's agreement to pay about $220m for work already done. Faced with an acute foreign exchange shortage the Iran Central Bank has, so far, simply ignored this agreement and has not made the first instalment payment of $30m of this sum. In so doing, it has thrown into doubt the whole scheme.

One of the senior Italian staff involved in the project when asked when the 500 to 600 workers would arrive simply replied, "Don't ask me . . . I don't even know when or if it will ever start. Official permission for the restart has not been given by either our head office or the Iranian Government."

Disagreements and accusations of bad faith over the missing $30m are the main reasons for this, he said.

One other aspect of the Bandar Abbas project which has deeply angered the 1,000-member Italian expatriate staff centres on the refusal of permission for the catering company to import food for the site camp.

Worse still is the position of those GIE workers involved in the Esfahan power station. For several months, they have been effectively forced—at one point by armed revolutionary guards—to operate the plant on Iran's behalf, as their customer is refusing to accept its handover.

For Saipem and Snamprogetti the central problem remains uncertainty over its construction contract on the 400 km gas pipeline from Kangan on the Gulf to join the existing IGAT-1 line that runs the length of the country north to south. Originally part of the gas supply arrangement with the Soviet Union this pipeline is now being seen as a major development of the domestic gas system.

However Saipem seems unable to obtain a firm starting date for the project and after months of delay many of its staff are anxious to return home. "If we're not to build the pipeline there is no other point in being here," is a common reaction.

IPI-System is on the verge of leaving Iran with one complex being monthly repainted and touched up in the hope that the customer will take possession

And, although Italstrada has a good relationship with the Ministry of Roads good books it may prefere to leave rather than accept fresh contracts to build more roads or to join the Italconstruct consortium to finish Andar Abbas.

Almost all senior Italian staff speak of "counting the days" till their own departures.

Among the most pessimistic of all the managers was one who likened the position of his company and others to the mythical tree of Bertoldo. Bertoldo, so the story goes, was sentenced to be hung and asked for the right to choose a tree. Day after day Bertoldo refused the trees offered and so his life went on. "That's our poistion. We're only refusing the trees, no more."

# Ryman shops deal offers private investors their first shot at the big time

## Carla Rapoport talks to the leader of the team

LATE on Wednesday night, Mr Ralph Halpern, chairman of the Burton Group, cut his company loose from its ailing chain of office supplies shops and gave three private investors their first shot at the big time.

For Mrs Jennifer d'Abo, 36, who leads the three-person team, the purchase of the Ryman shops represents years of hoping, months of talks and a *frantic few weeks* of running around the City trying to raise more than £2m to clinch the deal.

From her factory in Peterborough, she said yesterday that she had wanted to buy the shops ever since she had parked on double yellow lines outside a Ryman store two years ago.

Still, why would anyone want to buy an ailing chain of office supplies shops and why should anyone advance venture capital to such a plan?

*With a mix of effervescence* and hard-nose business practicality, Jennifer d'Abo reels off her answers. "Ryman has always been the ultimate in clipboards and filing cabinets," she said. "But I have a feeling that today's office manager wants and *needs* more.

"We want to spread our wings into the paperless office," she says. She intends to convert some of the larger properties, at first, to "shopping centres" for small computers.

"I want the man who hasn't a clue about a five-inch floppy disc to be able to walk into Ryman and find the computer system that's right for him." She intends to sell micro-computers on a concessionary basis and display the equipment in various price *ranges*.

Mrs d'Abo also wants to beef up what she calls the gifty side of Ryman so that passing customers are tempted to drop in for an impulse purchase.

She has spent six years building up her business expertise, managing a series of small businesses. She says the fledgling small computer business in Britain is limited by a lack of proper distribution channels and sees the Ryman network, because of excellent locations and good fittings, as providing a broad base from which to reach the small businessman.

Her start in business was distinctly unconventional. As the former wife of Mr Peter Cadbury, former chairman of Westward Television, she said she did not like the way Slater-Walker was handling his portfolio. He handed it to her and she managed to sell off his holdings well before the crash of 1974.

She pooh-poohs any brilliance or depth of understanding of the market, saying that handling a portfolio depends largely on who you know. She applied to take the Stock Exchange exams and *was rejected on the grounds* of being a woman. Then her marriage was dissolved.

She then married Mr Robin d'Abo, who was a partner in Capel-Cure Meyers until a year ago. Unable to find a job she bought a Wavy Line grocery shop in Basingstoke. Looking for a larger challenge she convinced Barclay's Merchant Bank to back a purchase of an ailing department store in the area.

Mr Peter Bingham, now a director of the bank, was involved in the deal. "I went down there, met her and was impressed. She then made a *marvellous success of the* store," which was bought for £500,000 in 1976 and sold for £1.3m two years later.

The next d'Abo sorties was the purchase of Jean Sorelle, a toiletries manufacturer in Peterborough and part of the failed Dunbee-Combex-Marx group. The deal was privately financed and the factory, with sales of over £1m, has yet to turn to profits. Nonetheless, Mr Bingham says the bank is sticking with Mrs d'Abo. It has advanced £500,000 towards the Ryman purchase.

"She manages to surround herself with a solid management team who are a perfect foil to her," says Mr Bingham.

One of those foils, Mr Robin Gunn, formerly merchandise manager of Waitrose, says he has often wanted to tear his hair out at some of Mrs d'Abo's schemes.

"There were those hangover packs she brought into the store before Christmas one year. They were just black-eye patches and aspirin. I couldn't believe it, but they all went."

Her lack of sophistication, however, causes some tense rounds of interviews in the city as she set about raising venture capital for her Ryman purchase. "At one merchant bank they asked for my CV— and I was at a complete loss."

But the d'Abos' combined connections did no harm and in the end, all the institutions but one gave their approval. Her offer of seats on the board were all declined.

Her consortium, called Paramace, includes Schroders, Foreign and Colonial, Henderson Financial, Life Association, and Stewart Fund Managers.

The net assets of Ryman, which barely turned a profit last year on sales of £22m, are £2.5m excluding the value of the leaseholds of the properties, estimated at more than £1m.

Mrs d'Abo will be chairman of the group, which employs 550 people, and Mr David Dunn, European vice-president of Mark Industries, a U.S. equipment company, will be managing director. The group is negotiating with the management of Ryman, but the chief executive, Mr Patrick Diamond, will leave the group.

The consortium, led by the d'Abos and Mr Gunn, put up less than £3m for the shops. It is now up to the seemingly tireless energies of Mrs d'Abo to put the chain on its feet.

# Takeover 'cool off' rule clarified

BY DUNCAN CAMPBELL-SMITH

THE CITY panel on Takeovers and Mergers yesterday moved to clarify operation of the "cooling-off period" rules, announced on September 24 by the Council for the Securities Industry, the City's main self-regulating agency.

The panel's guidance notes say that once the initial cool-off has been prompted, the seven-day restriction will not be re-imposed constantly by counter-bids or revisions of the original bid.

The cooling-off period was introduced last month in response to concern over the growing frequency of "dawn raids" in the stock market. It is no longer possible for companies to announce a bid and follow it up immediately with market purchases which, within a few hours, could deprive the defending management of an effective position from which *to resist the bid.*

A declared bidder now must wait seven days before he can acsquire 5 per cent or more of the voting equity of a company fro many single shareholder, if his existing holding represents 15 per cent or more of the equity—or would do as a result of his purchase.

The effectiveness of the rule was shown this month when McLeod Russel's bid for Warren Plantation Holdings was subject to the seven-day waiting period. A counter-bid did appear—although McLeod Russel succeeded with a revised offer.

Less satisfactory implications of the new regime became ap*parent only a few days later*, however, when Tarmac acquired control of the Hoveringham group. Tarmac's purchase of shares held by a controlling family gave it control of Hoveringham—but the purchase triggered a cooling-off period, which precluded Tarmac immediately offering to buy out any of the minority shareholders in the market.

Tarmac sought and obtained from the Takeover Panel the right to ignore the new restrictions. The panel has now confirmed its view: a single shareholder owning mor ethan 50 per cent of the voting rights of a company will not be subject to the acquisition rules.

The panel has also clarified the application of the rules to competitive situations and revised offers. It believes the object of the cooling-off restrictions have been met after seven days and should have no influence thereafter.

"*A second or subsequent com*peting offerer who announces a full offer seven days or more after the announcement of the first offer" will be unaffected by the CSI amendments, therefore. A second offer made in the cooling-off period will have to respect the restrictions only "for the remainder of that seven day period."

A similar interpretation will apply to revised bids. Those announced in the seven-day period *must* be *subject* to restrictions until it ends.

The CSI last month described its action against dawn raids as interim measures. A special committee has been set up to look into the broader issues raised by such market activities.

# Quarterly consumer spending falls again

By Max Wilkinson,

CONSUMER spending continued its slow fall in the third quarter of 1981, according to Government figures released yesterday.

Preliminary estimates show the volume of spending was *£17.8bn (at 1975 prices)*, about 0.5 per cent lower than the figure for the second quarter.

*Retail* sales, which account for about half the spending total, showed a small rise in August followed by a fall in September. But for the whole third quarter they declined compared with the second quarter.

Estimates suggest that falls in *expenditure on cars and* food have helped to depress total spending in the quarter.

The general trend of consumer spending has been flat since 1979, when average quarterly expenditure was just under *£17.9bn*. It picked up very *slightly* during the *first* quarter of this year to £18bn, before falling back to £17.9bn in the second quarter.

## Perkins increases job cuts to 700

THE PERKINS diesel engine company at Peterborough, Cambridgeshire, is planning *to cut its production force by* 700 jobs, more than double the figures announced a month ago.

The company originally intended to shed 300 jobs and asked for volunteers to reduce its 6,000-strong labour force by 5 per cent. But 700 *men have applied and all are* being accepted, subject to agreement with the trade unions on certain changes in working practices.

## Assurance given on Prestwick Airport

PRESTWICK Airport in Scotland will remain a major international "gateway" for the UK, despite British Airways' recent decision to end its tranatlantic services to and *from that airport*, Mr Norman Payne, chairman of the British Airports Authority, said yesterday.

*He made this assurance in* discussions with Mr George Younger, Secretary for Scotland, at a meeting in London, saying that the BAA recognised the importance of Prestwick for the Scottish tourist industry, and for industrial development generally.

# Thatcher refuses to hear chairmen's plea

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE PRIME MINISTER has deflected a sharply worded attack from nationalised industry chairmen complaining about the way that the Government has frozen almost all their salary increases this year at a level of about 7 per cent without any public statement.

She has asked Sir Geoffrey Howe, the Chancellor, to meet the chairmen and hear their complaints in spite of the fact that Sir Robert Marshall, chairman of the Nationalised Industries' Chairman's Group, specifically asked to meet her.

She has told Sir Robert she has too many prior engagements in the UK and abroad. The meeting with Sir Geoffrey is expected to take place within the next few days.

In his letter Sir Robert, a former senior civil servant and chairman of the National Water Council, warned Mrs Thatcher that the clamp down on salaries was causing "friction and distress."

Chairmen were "baffled and concerned" that Mrs Thatcher had *not* honoured a commitment she made earlier this year to let the salaries be fixed according to market conditions. Ministers had "backed away from the problems inherent" in he statement.

Sir Robert reflected the anger of some chairmen at the way that Mrs Thatcher frequently criticises nationalised industries when he said that "contrary to your views we believe our industries have often been successful."

He ended his letter by asking for a meeting: "Perhaps time permitting, you might allow us to put to your our views on these wider matters too. We have the national interest at heart as *vividly as anyone else*, wherever he or she may work."

The letter, although sharp toned is unlikely t ohave any effect on the Government's policy.

Ministers have decided that, in spite of a decision earlier this year to free the salaries of chairmen and board members from central control, almost all of them will be kept to 7 per cent this year.

Sir Peter Parker, chairman of British Rail, is the only major exception to this rule to *emerge so far*. He has just been reappointed for two years at £60,000 a year (up from £48,000) *plus about £15,000* from outside appointments and pension payments.

Almost all other industry chairmen have been told that they will only receive about 7 per cent more.

# Loopholes may exist in new clause of Lloyd's Bill

BY JOHN MOORE

A NEW CLAUSE for inclusion in Lloyd's parliamentary Bill, requiring Lloyd's insurance brokers to sell-off their shareholding links with underwriting agents running underwriting syndicates, may contain loopholes.

Lloyd's officials said yesterday the clause, required at Parliament's insistence, was drawn as tightly as possible. They admitted, however, that it had been impossible to stop every loophole.

Mr Peter Miller, responsible at Lloyd's for the Bill, said: "We have dealt with the basic parliamentary recommendation but anything else will have to be dealt with by by-laws once a new Lloyd's ruling council is formed."

The clause will cause the biggest upheaval in Lloyd's 300-year history. It requires brokers, the buyers of insurance, to sell-off their equity links with managing-agency companies, the groups running underwriting syndicates, the sellers of insurance.

Parliament identified potential and actual conflicts of interests which would undermine the effectiveness of the wide self-regulatory powers Lloyd's seeks in its new legislation.

While the clause requiring separation of broking and underwriting interests, known as the "divestment" clause, will ensure brokers comply with this ruling in five years after enactment of the laws, it does not deal with other details.

For example, brokers are not prevented from retaining the revenues of managing-agency companies.

A variety of methods is being examined by leading brokers to minimise the effects of divestment on their groups and *shareholders*.

Under one arrangement a broker might ensure his underwriting interests are controlled by a body outside Lloyd's, such as an investment trust, while entering into a contractual arrangement with that non-Lloyd's body to retain the bulk of the earnings from the underwriting operations.

Lloyd's included a section in the clause designed to ensure the prohibited association between managing-agent and broker could not be carried out. Such prohibition includes the interposing of another company between the owner and the Lloyd's broker or managing-agent. There is speculation, however, that this section may not be drawn tightly enough.

# Chairman and top manager to leave currency trust

BY CHRISTINE MOIR

THE CHAIRMAN and investment manager of the Guernsey-based *Currency Trust*, are to leave the group less than a year after its launch.

Currency Trust is one of the crop of offshore currency unit trusts to have sprung up in the last year.

Mr Charles Ranald, the former owner of Castle Britannia Unit Trust which he sold to the Jessel group in 1969, made his comeback to the UK investment scene last November, as chairman of the Currency Fund and managing director of Capital Asset Managers, its management group.

He will resign at the end of *this month* because of "differences of opinion over policy."

At the end of the year he will be followed by Mr Gerald Staines, a former official of the Bank of England and Bank of International Settlements. He is regarded as a leading currency expert.

Mr Ranald and Mr Staines operate a private partnership *which manages between £8m to* £10m of international currency for foreign clients. They also offer currency analysis and reporting services.

An announcement about Mr Staines's successor is expected next month.

The Currency Trust and Capital Asset Managers were set up as a joint venture between Mr Ranald and Mr Staines and Midelton James, a small commodity broker, and its associates.

It started trading actively in January and by the end of September assets had grown from about £100,000 to about £1.8m.

Management of the group will be taken over by Mr Ralph Gough, chairman of Midelton James, which controls 51 per cent of the equity with its associates. They include Mr Nicolas Havinga, a Dutch banker experienced in offshare unit trusts.

# Weak BL 'could harm Europe's motor industry'

By John Griffiths

*ANY WEAKENING of BL* "would weaken the ability of the whole EEC motor industry to resist increasing competition from outside," the managing director of BMW (GB) said last night.

Dr Walter Hasselkus, who took over at the West German car makers' UK subsidiary last year, was speaking at a London Motorfair dinner after a day in which BL management and unions had met again in an attempt to head off the threatened strike which Sir Michael Edwardes, BL chairman, has warned could lead to BL's *liquidation*.

Dr Hasselkus said that "the British and European customer will never be short of cars to buy. Whatever happens to BL, they will still be able to buy cars from western and eastern Europe, from Japan and America.

# Tesco pushes promotion of own-label products

BY GARETH GRIFFITHS

TESCO, the UK's leading grocery chain is pushing its own label products at the expense of manufacturers' branded label goods as part of a plan to move the chain away from its down market "pile it high sell it cheap" image.

During the past 18 months the group has increased the share of own-label goods on sale in its 534 stores from *a grocery trade* average of 20 per cent to some 30 per cent of total sales. Tesco aims to push the proportion up. By contrast, Sainsbury's sells some 60 per cent of own label groceries.

Own-labelling involves manufacturers producing goods, to a retailer's specifications, which bear the retailer's name.

Tesco is now to launch its own-label pizza which will be introduced into the stores on a phased basis. The group is already strong in own label soft and mixer drinks. It has developed a number of wines and spirits where competition is fierce because of the downturn in drinks sales.

The chain also plans to develop its existing own label cream and dairy products range, and delicatessen meats.

The company argues that the advantage of own-label products is not necessarily cheaper prices because much of the price cutting of the past few years has been done at the expense of manufacturers' margins on branded products.

Instead, Tesco argues, own labelling gives it greater pricing flexibility and an opportunity to create exclusively in marketing. Such customer loyalty and exclusivity will be put to the test with the launch of a new *range of premium priced Danish* cakes this autumn.

The Tesco own label scheme is part of the company's attempt to move up market without losing its price competitiveness.

The group will open six stores in November, including a 48,000 sq ft sales centre in Sutton.

# Bankruptcies up 14% to five-year peak

BY GARETH GRIFFITHS

THE TOTAL number of bankruptcies between July and September rose sharply to reach the highest level since recording methods were changed in 1976.

Almost 4,000 companies were liquidated in the first nine months of the year, although the Government can take bleak comfort from indications that the underlying level of liquidations may be turning downwards now.

British Business, the official magazine of the Department of Trade, reported yesterday that bankruptcies in the third quarter of 1981 rose by 14 per cent on the previous quarter, to reach some 1,400 seasonally-adjusted.

The *DoT* warns that the recent bankruptcy figures are distorted by the Civil Service industrial dispute, which depressed the number of company liquidations.

A total of 3,906 company liquidations have been recorded for the first nine month of this year, seasonally adjusted. The number of voluntary liquidations by creditors has fallen from a peak figure of 1,592 in the first quarter of this — douhe the rate last year. Voluntary liquidations by creditors is down 17 per cent in the second and third quarters of the year.

The DoT's analysis of the *half*-year bankruptcy figures shows that the self-employed share of the insolvency figure is up to 77 per cent of the total, a 1 per cent increase on the same period in 1980.

Business failures in manufacturing accounted for 4 per cent of the total, with metals and engineering accounting for nearly half of this.

The sharpest increase was in financial and professional services, with a rise from 4.6 per cent of the total for the first half of 1980 to 7.7 per cent for the first half of 1981.

Small businesses seem to be taking the brunt of the storm

# The case for gold as a flexible standard to underpin world currencies

## Max Wilkinson reports on this years Wincott Memorial Lecure

GOLD should be returned to its former *position* as a reserve asset to underpin the world's currencies—but at a more real*istic and more flexible price*, Mr Paul Bareau, financial commentator said last night.

Mr Bareau is a consultant for Mirror Group Newspapers.

He was delivering the twelfth Wincott Memorial Lecture in London on a theme he described as "the decline of monetary *morality over the past 35 years.*" He said the way the international system had accommodated itself—notably by floatation—to the "contamination" of currencies had "contributed to the evil."

In recent years, he said, it had been commonplace to refer to the disaster and breakdown of the system of fixed parities underpinned by gold, set up in 1946 after the Bretton Woods conference.

But, he said: "Let us first ask what went right. Bretton Woods Mark 1 gave the world, between 1946 and 1971, 25 golden years of reconstruction and unpre*cedented economic growth* reconciled with a measure of dual stability of exchange rates and domestic prices which must fill us with nostalgic envy today."

However, a major fault was that too little use was made of the exchange flexibility which the Articles of Agreement provided. "Parities tended to become status symbols and corrective action taken too late and often too little," said Mr Bareau.

The more fundamental defect was that quotas limiting government borrowing from the International Monetary Fund were too small: and the low official price of gold, maintained at $35 per ounce, tended to provide an inadequate supply of reserves. It *was* for this reason that member countries kept large reserves in dollars.

"This was the Achilles heel that was to bring the first 25-year span of the IMF to such a disturbed and sad end," he said.

The supply of dollars to the world became relatively more abundant *as a result* of the post-war reconstruction programmes, particularly Marshall Aid.

"Imperceptibly the world moved to a U.S. dollar standard. The dollar came to assume the burden and responsibilities which sterling was in the process of shedding and which no other currency was prepared, or fit, to shoulder."

But this exchange reserve system could hold within itself the seeds of its own destruction, said Mr Bareau.

"The first such seed is that, in order to provide the world with the expanding reserves needed by increasing production and trade, the reserve currency country is duty-bound to run a balance of payments deficit on current and capital account. If that deficit becomes too great, confidence in the reserve currency can be undermined.

"Seed number two is the fact that the reserve currency country is not subjected to normal balance of payments discipline.

"When it runs its required deficit, that shortfall is automatically financed by other countries which are running surpluses and are prepared to put the deficit reserve currency in their reserves."

After post-war reconstruction, the U.S. balance of payments deficit continued to increase, firstly as a result of the Vietnam war and then following the explosion in oil prices.

"The dollar has long since ceased to be a reserve currency. It became over-abundant, not only in the reserves of central banks and monetary authorities, but in the vast pool of Eurodollar liquidity sloshing around the money markets of the world."

Latest available figures showed the U.S. dollar to represent 73 per cent, or $290bn, of foreign currency reserves. The dollar element in the Eurocurrency pool was around $525bn.

"The sum total, namely $815bn, held outside the U.S. may be likened to a massive sword of Damocles and suspended by the cord of confidence."

Until the early 1970s, confidence in the dollar was buttressed by its convertibility into gold. However, after the 1971 decision to suspend convertibility and the drift towards floating rates that followed, a new type of reserve asset, the Special Drawing Right (SDR) was created by the International Monetary Fund. This was based originally on gold, but then on a basket of currencies.

Mr Bareau went on: "There were eminent voices and pens pleading the virtues of floating for its own sake and arguing that with a free float, balance of payments problems would find their automatic solution.

"The readiness and the extent to which these arguments were heeded and the consequential amendments of the fund articles carried through, were akin to adjusting the Ten Commandments to the increasing permissiveness of the age."

The introduction of SDRs, with a modest issue of 9bn units between 1970 and 1972 did not, however, achieve the major switch in reserves some people had hoped.

"At the latest count SDRs represented 3 per cent of world reserves. Foreign currencies, mainly U.S. dollars, accounted for 46 per cent and gold, valued at the then market price, 48 per cent."

The lack of progress of the SDRs resulted from three basic flaws in the conception. The first was that it had no independence: "It is the creature of the national currencies on which it is based and which in turn are based and valued on it.

"This is a clear case of circulatory logic, of incestuous relationship. If the world's currencies are mismanaged, the SDR will not be there to point the finger of accusation and the way of correction. It will be mismanaged and inflated with the rest."

The second disadvantage was that since SDR was the average of a number of currencies, *it must, by definition, be less* valuable than the best component of the average.

"By an inversion of Gresham's law it will tend to be the first to be disposed of and one of the last to be willingly accepted."

The third flaw said Mr Bareau, could seriously undermine the IMF. It stemmed from the fact that its issue had been affected by outright gifts handed out without conditions.

A further problem had arisen from disputes about the proportion of SDRs to be issued between the richer and the less-developed countries. A strong lobby suggested the IMF should be harnessed to assist poorer countries.

Mr Bareau sympathised with the lobby but he added: "The fund's role is to serve the integrity of the world's currencies and the stability of the International Monetary system."

He went on: "For my part I would add that by linking aid to monetary reform we would tend to debase and debauch the system we were endeavouring to reconstruct. We would, moreover, damage the very cause of helping the under-development we were ostensibly trying to serve."

For the future, he said the best insurance against the abuse of power *and* status was convertibility of reserve currencies into a unit of account which was independent of national governments and which had some intrinsic value —"in other words a commodity standard."

It was a matter for debate whether this should be based on one commodity or a collection.

"*My own* preference would favour gold." It was simple, it had a long history as a monetary metal and represented the largest element in international reserves today.

However, his idea of a multiple convertible reserve currency would not be a return to the old gold standard.

Firstly, convertibility could be limited to transactions between governments or central banks.

Secondly, a realistic gold price would have to be set and official intervention would be necessary to maintain it.

Furthermore, by international agreement, across-the-board changes in the official gold price would be needed to allow the adjustment of world reserves and international liquidity to the expansion of production, trade and investment.

The possibility of such adjustment was included in the original IMF agreement, but the clause was never invoked. If it had been, there would have been less incentive for the inflation of world reserves held in the form of currencies.

"Such a system would help create and maintain confidence. It would provide a much more *reliable index of deviation from* sound monetary policies than a basket or average of currencies which will depreciate if its component parts depreciate."

A return to an official but adjustable gold price would entail official but adjustable parities for currency.

Mr Paul Bareau

# Incomes squeeze 'will retard recovery'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UNEMPLOYMENT will continue to rise until this time next year and inflation is unlikely to reach single figures before the next General Election, the Economist Intelligence Unit predicts today.

The unit says a modest recovery in economic activity in the next six months is unlikely to be sustained.

It believes the temporary improvement in activity will not be enough to push real gross domestic product above its 1979 level.

The unit says the recovery is likely to peter out in a relatively short period because real disposable incomes will be sharply squeezed this winter. This will follow as inflation outpaces wage settlements and the non-indexation of tax allowances reduces take-home pay further.

In spite of the squeeze on incomes, however, consumer spending is expected to continue to hold up as people save less income.

Consumers' expenditure is expected to fall by 0.6 per cent this year and by just under 1 per cent next year, with a modest recovery in 1982.

The unit believes private fixed investment will recover strongly from mid-1982.

In spite of the modest recovery in manufacturing in the second half of the year, output for the full year is predicted to be about 11 per cent below its 1979 level.

Unemployment is expected to continue to rise until autumn 1982, although at a slower rate than recently. It will then begin to fall slowly. The annual rate of increase in the retail prices index is expected to rise above 13 per cent as a result of increased import costs.

The forecasters say: "We remain pessimistic about the prospect of single-figure inflation before the next General Election."

On exchange rates the unit expects continued Bank of England efforts to stabilise the market, particularly by use of domestic interest rates. It says: "The exchange rate against the dollar should begin to rise during 1982 to a level of $2.00 by 1984.

"To a large extent, however, this reflects a general weakening of the dollar rather than a strengthening of the pound, although we do expect a modest recovery from the present effective trade-weighted rate of around 87." This rate expresses the pound's level against a basket of currencies of the countries with which the UK trades.

The unit is relatively optimistic about the prospect that the Government will be able to control public spending, although it does expect an overshooting of the target for the Public Sector Borrowing Requirement this year and in 1982-83. It says the PSBR will be £12.3bn for this year and £10.7bn in 1982-83.

It says that in spite of this, it still made the assumption the standard rate of income tax would be reduced to 27p in the pound in the spring 1983 Budget, which would still allow a fall in the PSBR as a percentage of gross domestic product at market prices in each of the financial years of the forecast period to 1984.

# Ulster move to abolish employers' surcharge

By Our Belfast Correspondent

THE Northern Ireland Economic Council is asking the Government to abolish employers' national insurance surcharge in an effort to encourage industrial recovery in the area.

The removal of the surcharge is viewed by the council as one possible means of improving industrial development incentives

The council has welcomed the Government's decision to unify the Industrial Development bodies in the province but it is now seeking a thorough review of incentives.

Sir Charles Carter, council chairman, said unemployment in Northern Ireland, now 112,000, could peak at between 120,000 and 130,000. The Government's estimate was 128,200 unemployed in 1982-83.

He said Mr James Prior, the Northern Ireland Secretary, should urge the Cabinet to increase public spending, particularly on housing.

● The newly designated Belfast Enterprise zone is to be promoted and managed by a private company Job Creation in association with the Building Designed Partnership which will act as consultants.

# Solex to enter LPG conversion market

BY JOHN GRIFFITHS

SOLEX UK, the carburettor manufacturer, is entering the rapidly-expanding market for liquefied petroleum gas (LPG) conversions to light commercial vehicles and passenger cars.

Solex has been given this role by Matra, the French defence, electronics and motors group which became its parent company last year. It is to manufacture and develop LPG systems for the UK and major European markets.

About 35,000 vehicles have been converted to run on LPG in the UK, but nearly 500,000 such vehicles exist in Holland, and the LPG population is growing quickly elsewhere in Europe.

Solex estimates that in the four markets it plans to tackle immediately—the UK, Belgium, France and Wesht Germany—800,000 vehicles are likely to be powered by LPG by the mid-1980s.

Solex believes it should be able to secure up to 20 per cent of the UK market at the end of its first year and that its share in France could go higher.

Solex is a French group which has long held a controlling interest in the UK company—known as Zenith Carbueretter until January. The entire group was acquired by Matra. The UK concern employs about 800 people but Mr Derek Gates, its LPG marketing director, said yesterday that more jobs could be provided by "what is for us a major diversification."

Solex has been studying the possibilities of LPG conversions for two years. It says it is convinced that in the next few years LPG cars will be produced by vehicle manufacturers opening up a major original equipment market. However, this would require development of more sophisticated systems—Solex expects to have them in production in 1983.

The retail conversion costs about £350, which the company estimates can be recovered by a VAT-registered commercial operator in about 20,000 miles. LPG costs about 35 per cent less per gallon than petrol. The estimate is less favourable for the private motorists who would have to cover about 30,000 miles to cover the extra outlay because they cannot reclaim VAT.

Even these figures show how the prospects for LPG have improved. Six months ago when LPG versions of BL Range Rovers and Sherpa vans were announced, it was estimated that private motorists would have to cover 60,000 miles to recoup their investment. Since that time the LPG price has been almost static while petrol has risen by about 40p per gallon.

# Employment pattern in North changes dramatically

BY NICK GARNETT, NORTHERN CORRESPONDENT

DRAMATIC CHANGES in the structure and levels of employment in England's most northerly counties over the past decade are set out in a report to be published shortly by the northern region of the Manpower Services Commission.

The report, produced by the region's manpower intelligence unit, covers Tyne and Wear, Northumberland, Cumbria, Durham and Cleveland. Its main findings are:

● A fall in the total number of people in employment between 1971 and 1981 of 77,000 (6.4 per cent), a rate of loss 52 per cent higher than the national average;

● A clear distinction in the pattern of changes between the first and second halves of the decade, and from 1979 to this year;

● A general move of job patterns more into line with the national picture.

Employment in the five counties reached a peak in 1975 at a level of 1.27m. The rise was due almost entirely to growth in construction and service industries. Employment in primary and manufacturing industries fell.

Between the middle of the decade and 1979 jobs in the service sector continued to grow. That did not, however, fully offset the accelerating decline in manufacturing. Since 1979 employment in all main sectors of industry has declined.

In primary industries employment fell throughout the decade, largely due to the region's shrinking coal-mining industry.

The major job losses occurred in the early 1970s. These were followed by a period of relative stability but with a new period of decline in the past two years.

In the manufacturing sector the rate of decline increased dramatically in the past two years, according to the report, to be published in Remit, a marketing trends document produced by the commission's northern region.

In this sector numbers in employment shrunk by more than a quarter in the past 10 years. Of these job losses, 60 per cent occurred in the past two years, underlining the recession's severity.

Jobs in metal manufacturing have halved since 1971. The British Steel Corporation's strucutral changes were the main cause.

Engineering and allied industries maintained job levels until 1975. A decline set in then, with substantial job losses in mechanical and heavy electrical engineering and shipbuilding since 1979. These industries shed 47,000 jobs in the region from 1971.

Central Durham has been hit especially by the decline in textiles and clothing. That industry lost 23,000 jobs in the northern region over the past six years.

# Courts' monetary awards system 'satisfactory'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE PROCEDURE under which it is left to judges to decide whether monetary awards they make should be expressed in sterling or a foreign currency is working satisfactorily, says the Law Commission.

Although there are defects in the procedure they can be left to the judges to iron out and new legislation would be inappropriate, the commission concludes in a working paper.

Whether someone who sued in the English courts could obtain judgment in a foreign currency rather than sterling was of considerable importance in a time of rapid currency fluctuations, the commission says. It had implications in such matters as debts, damages, interest, arbitration and shipping claims.

Before 1975 claims had to be converted into sterling. This caused injustice when the pound fell against a foreign currency.

In that year, however, the Law Lords adopted a radically new approach to such claims, giving the courts the power to give a judgment expressed in a foreign currency, conversion being made into sterling at the date of actual payment, or the date on which the court authorised enforcement of the judgment.

Development of that approach by the judges was continuing and had led to real improvement in the law, the Commission says.

Its provisional views, on which it invites comment, include a proposal that parties to an agreement should be free to agree the date and rate of any conversion, and that payment in England should be made in a particular foreign currency alone, with no option for the debtor to pay in sterling.

It should also be possible to obtain judgment in a foreign currency alone but a successful plaintiff should not have a right to judgment in that form without the court's leave.

# Liverpool starts second enterprise competition

BY IAN HAMILTON FAZEY

THE SECOND Liverpool enterprise competition was launched yesterday with £42,000 of prize-money and a £15,000 promotional budget. The winner will receive £35,000 and a 4,000 sq ft factory rent-free for two years.

The judges, from local industry, unions and the local authority, will look for the best proposal for a new product or process capable of creating jobs in Liverpool and turning over £100,000 in the first year.

The second prize will be £15,000 and two rent-free years in a factory unit. Four £500 consolation prizes are available.

All of the money for the competition comes from Liverpool City Council, in contrast to the competition's forerunner two years ago when prominent Merseyside companies put £20,000 to similar prizes.

This year soundings suggested the private sector was unlikely to be so forthcoming because of the recession. The city council, however, decided to press on because of the competition's promotional value.

The rules now specify winners must start up in Liverpool within a year of winning. This will avoid a repeat of the first competition's one big embarrassment—the winner has not yet found the means of leaving a successful operation in the South-East in order to take up his prize.

His £25,000 is on deposit earning interest while attempts are made to resolve the situation.

The winner of the £15,000 second prize in 1979-1980, Mr Mike James, who invented a wall-mounted aquarium, is one of this year's judges. He reported turnover in his first 10 months at about £30,000, with prospects of this quadrupling in his second year of operation following rave test-reports on his product in the aquarists' trade press.

# Business advisory centre initiative for Merseyside

BY JAMES McDONALD

A NEW KIND of enterprise centre is being planned on Merseyside.

The recently - founded In Business small firms advisory agency, backed by Unilever, the Wirral Borough Council and the Wirral Chamber of Commerce, is to be linked to new training and workshop facilities envisage in Birkenhead.

The centre will probably be housed in two former school buildings in Birkenhead North End and will provide training facilities for 102 people aged between 16 and 19 for up to 12 months' training. There will be 22 new jobs for supervisory staff. The centre will offer small firms accommodation and the use of central services such as typing and bookkeeping provided by the trainees.

The estimated capital and running costs of the new centre are £420,000 in the first year. The bulk of the money will come from the Manpower Services Commission under the "Heseltine initiative" and the balance from the In Business agency.

# BSI wants more support

BY ELAINE WILLIAMS

THE FINANCIALLY harassed British Standards Institution, funded by the Department of Trade, wants an improvement in the way its work is supported.

In its annual report the BSI said it had a surplus in its 1980/81 accounts of £225,000 on a budget of £13.5m. This, however, was only achieved after major cuts and by an 11 per cent reduction in staff.

The BSI certifies and assesses products and provides technical help for exporters meeting standards set in other countries.

The DoT has agreed to pay BSI's grant, about £2.28m this year, in monthly instalments instead of a year in arrears.

# Heseltine delays response to rate support judgment

BY IVOR OWEN

MR MICHAEL HESELTINE, the Environment Secretary, refused in the Commons yesterday to make an immediate apology in acknowledgment of the High Court decision that he acted unlawfully in cutting the rate support grant paid to six Labour-controlled London boroughs.

More time was needed, he insisted, before the Government could announce its response to a judgment which occupied nearly 100 foolscap pages.

Mr Heseltine's statement, which left open the possibility of an appeal, was described by Mr Gerald Kaufman, Labour's chief environment spokesman, as "characteristically ungracious and shifty."

Mr Heseltine emphasised that the High Court had found only one ground for quashing his decision to withdraw the grant payments, which ranged from £530,000 to £5.22m.

He also drew attention to the fact that the court's decision turned in particular on two late approaches made by or on behalf of the authorities—approaches which the court had referred to as having "something of the air of a legal manoeuvre."

Mr Heseltine added: "Notwithstanding this, however, they ruled that I should have been prepared to hear those representations and that I had, therefore, not validly exercised any discretion.

"On that ground alone, my decision to reduce the grant of those authorities was quashed by the court."

He also pointed out that the court had made it clear that it was open to the Minister, after considering the authorities' representations, which were now fully documented, to reach "any decision I consider right, and which is within the terms of the 1980 Act and the multiplier's order."

Mr Kaufman argued that Mr Heseltine would have done himself more credit by coming to the House and offering an unqualified apology. He paid tribute to the resolute councils, whose legal action had upheld the justice which the Minister himself had disregarded.

To Labour cheers he reminded the Minister that he was continually warning others not to break laws which he had himself introduced, and asked if he felt "no shame" over the fact that he had now been found to have broken one of his own laws.

HESELTINE: right to take time to consider

KAUFMAN: Minister's statement ungracious and shifty

Mr Kaufman accused Mr Haseltine of fulfilling the predictions of Labour MPs by acting like a "local government commissar," and urged him to accept the High Court's decision without equivocation and repay the money he had "unlawfully filched" from the local authorities.

In addition, he said, the Minister should undertake not to introduce any legislation in the forthcoming parliamentary session which sought to build on the illegality he had committed.

Mr Heseltine said Mr Kaufman's allegations confirmed his view that it was right to take time to consider the High Court's judgment.

Mr Ron Brown (Lab, Hackney S. and Shoreditch) said all the trouble could have been avoided had Mr Heseltine not acted like a "bully boy" in his discussions with the local authorities.

Mr Heseltine said he had constantly put to the local authorities the view that they should co-operate with central government to pursuit of their policies.

"I do not believe that the findings of the court in any way justify the comments of Mr Brown," he declared to Government cheers.

Robin Pauley adds: two more London councils are to demand the repayment of lost grants.

Lambeth will ask for the return of £2.1m, the equivalent of a 3.63p in the pound rate in 1980-81; and Lewisham will request the return of £970,000, the equivalent of a 2.28p rate.

The six councils which won the case—Brent, Camden, Hackney, Hounslow, Tower Hamlets and Waltham Forest—are hoping for the return of more than £9m.

Mr Roy Shaw, leader of Camden, said yesterday that he would be asking for £5.22m to be repaid to his council, together with £1m in lost interest.

Mr Tom Bryson, leader of Brent, said the court result was a tremendous victory by a small number of boroughs which refused to be bullied by the actions of Mr Heseltine.

He said the verdict also suggested that the subsequent local government legislation, under which Brent has lost £6m in the current year, was equally unreasonable.

# UK looks at partially suspended prison terms

CRIMINAL COURTS could be empowered to pass Continental-style partially suspended sentences as part of the Government's drive to reduce the prison population, Mr Patricq Meyhew, Home Office Minister of State, said yesterday.

"There is much merit in that provision in the Criminal Law Act," he told the Commons at Question Time. ...

"I can confirm that we are looking at that provision to see whether it might be right to implement it."

It was one of a number of proposals being considered, said Mr Mayhew.

The supervised release of some prisoners serving sentences shorter than three years was also being examined, following its recommendation in the recently-published parole review.

Recent statistics indicated that Court of Appeal guidelines on sentencing were leading to a fall in the number of criminals being jailed.

"Unfortunately there has been a rise in the number of offenders receiving immediate imprisonment," he went on. "We therefore have to look at days in which, consistent with the safety of the public, which is the overriding consideration, the numbers in prison may be reduced."

During exchanges, Dr Shirley Summerskill, Opposition Home Affairs spokesman, urged Home Office Ministers to introduce legislation to cut the jail population.

She claimed the courts were not responding to calls to modify sentences.

## Concession to state industry

NATIONALISED indusrtries are to be allowed to borrow from the National Loans Fund at variable rates of interest, instead of being tied to the rate applicable at the start of the loan. Details of this were announced yesterday in the Commons, confirming a decision reached late last year. The industries are also being allowed to vary the periods for which they borrow from the fund.



Mr Stan Boden, Labour candidate in yesterday's Croydon NW by-election, with his wife Mary at the primary school where they cast their votes

# Whitelaw to examine 'independent element' in police investigations

FINANCIAL TIMES REPORTER

MR WILLIAM WHITELAW, Home Secretary, yesterday promised to examine plans to introduce an "independent element" into investigation of complaints against police.

Mr Whitelaw said in the Commons that a study into the police complaints system chaired by Home Office Under Secretary Lord Belstead, was due to be completed next month.

"I accept there is an argument about this, and it is an important one to resolve," he said at Question Time.

"I will certainly seek, through the committee Lord Belstead is chairman, and with the chief constables and police authorities, to produce further proposals about an independent element in police complaints," he said.

Mr Whitelaw said MPs were entitled to consider whether the existing Police Complaints Act was sufficient.

"We should study what is said and consider very carefully how far we were wrong on the previous occasion and what changes we should make."

Mr Whitelaw's remarks followed several demands by Labour MPs to change the present system, in which complaints against police are dealt with by policemen.

Mr Andrew Bennet (Lab, Stockport) said the inquiries into the summer riots had shown that the complaints system was "totally inadequate."

Mr Whitelaw said it was vital that any complaints procedure not only commanded public confidence but also respected the rights of policemen as citizens.

He would make a statement next week on the outcome of Metropolitan Police Commissioner Sir David McNee's report on the Brixton riots. The report would be published, he added.

Lisa Woods adds: Sir Kenneth Newman, commander of the Police Staff College at Bramshill, said yesterday that increased police resources will not lead to a proportionate decrease in crime.

Sir Kenneth was speaking at a press conference to launch a book called Community versus Crime which documents key aspects of the controversial community-based police strategy adopted by Mr John Alderson, chief constable of Devon and Cornwall.

Sir Kenneth, a former chief constable of the Royal Ulster Constabulary, said there had to be a balance between reactive and community-based policing.

*Community versus Crime, by Colin Moore and John Brown. From the National Council of Voluntary Organisations, 26 Bedford Square, London.*

# Foot to ask Grant to reconsider re-selection

By Margaret van Hattem, Lobby Staff

MR MICHAEL FOOT, the Labour leader, will try to persuade Mr John Grant, Labour MP for Islington Central, to reconsider his decision not to seek re-selection for the seat at the next General Election.

Mr Grant, 49, announced his decision to his constituency party on Wednesday night. Yesterday, amid speculation that he may resign his front bench position as a Labour employment spokesman, Mr Grant refused to expand on his announcement. He plans to make a full statement on Sunday.

He expressed strong regret that the news of his decision had been made public on the eve of the Croydon by-election. He had, he said, appealed to all at the meeting on Wednesday to treat the matter as confidential until after the by-election.

Mr Grant, who held the seat with a 4,139 majority at the last general election, was widely known to have been having problems with his local party for some time, and his re-election was generally felt to be in doubt.

Although the party, like its MP, supported Mr Denis Healey in the recent Labour deputy leadership contest, Mr Grant's views on other issues were felt to be to the right of local party members. However, Mr Grant's unhappiness over the general direction of the party as a whole are understood to have been at least as much a factor in his decision.

Mr Grant yesterday refused to comment on speculation that he might seek to join the Social Democratic Party, either in Islington or another area. Nor would he comment on suggestions that he might contest a seat as an independent Labour candidate—a move which would almost certainly bring expulsion, at least temporarily, from the Labour Party.

Of the three MPs who won Islington seats for Labour at the last election, Mr Michael O'Halloran (Islington North) has already joined the SDP and there is strong speculation that Mr George Cunningham (Islington South and Finsbury) may soon follow suit.

Mr Cunningham is expected to have difficulty in gaining re-selection as a Labour candidate in his constituency, and appears to have very good relations with local SDP members, as well as being highly regarded by SDP leaders.

# Million CB radio users warned to obey the law

FINANCIAL TIMES REPORTER

A CLEAR warning to citizens band radio users to obey the new law which in 10 days will legalise the hobby, was made by Mr Timothy Raison, Home Office Minister of State.

From November 2 people will be free to use CB radios—providing they use specified wavelnegths—in return for a £10 annual licence.

Several MPs expressed doubts at question time about how many of the estimated million or more CB radio enthusiasts using sets illegally will bother to comply with the new regulations.

Labour's Mr Dale Campbell-Savours (Workington) said the £10 licence fee might deter some from applying, and Tory Mr Colin Shepherd (Hereford) said the new law might have a better chance of success if it provided a wider choice of sets.

Opposition spokesman, Dr Shirley Summerskill questioned how the law would be enforced "in view of the fact that hundreds of thousands of people have been using CB sets illegally."

Mr Raison said the £10 licence fee was sensible and he was confident most CB users would want to stay within the law.

"I think people will increasingly accept that what is an offer lawfully will be highly satisfactory."

He warned: "We will continue to prosecute vigorously and if necessary will have to take additional steps including bringing in new legislation."

Earlier, Tory Mr Hal Miller (Bromsgrove and Redditch) congratulated the Government on "opening up the freedom of the air" in legalising CB radio. He asked what action would be taken against illegal users.

Mr Raison told him it would be possible to convert illegal sets,

# Next week in parliament

COMMONS

Monday: Debates on the BBC external services and the need for investment in British Rail; British Nationality Bill, Lords amendments; Protected Shorthold Tenancies (Rent Registration) Order.

Tuesday: British Nationality Bill, Lords amendments; Imprisonment (Temporary Provisions) Act (Postponement of Repeal) Order; National Dock Labour Board (Increase of Loans Limits) Order.

Wednesday: Censure debate on the Government's economic policies.

Thursday: Wildlife and Countryside Bill, Lords messages; Betting and Gaming Duties Bill, remaining stages; Acquisition of Land Bill and New Towns Bill; Magistrates Courts (Northern Ireland) Order.

Friday: Prorogation.

LORDS

Tuesday: Companies Bill, Commons amendments.

Wednesday: Imprisonment (Temporary Provisions) Act (Postponement of Repeal) Order; debate on Scottish salmon fishing industry.

Thursday: British Nationality Bill, Wildlife and Countryside Bill; Commons amendments: Protected Shorthold Tenancies Order.

Friday: Prorogation.

# High jinks from the sixth form as Willie stands in for the head

WITH THE headmistress away in Mexico for another round of summitry, the staff and pupils at Westminster were up to all sorts of high jinks yesterday.

In the absence of Mrs Thatcher the task of keeping the first formers in order during Prime Ministers's Question Time went to Mr William Whitelaw, the amiable deputy heda.

Mr Michael Foot, the Labour leader, was anxious to question him about the proposed expenditure cuts. But it was a pretty safe bet that we would end up even more mystified than before.

Dr Burchfield, Chief Editor of the Oxford English Dictionaries, must have had Willie in mind when he declared: "The England language is like a juggernaut truck that just goes on regardless."

Mr Foot asked if it was true that Mr Whitelaw had been put in charge of the Cabinet committee on the cuts. Answer: "I am not confirming nor denying reports of what I may or may not be doing inside the Government."

Was it true then, that cuts might be made in unemployment or social security benefits? Reply: "I have never been in the position of answering hypothetical questions with hypothetical answers."

Mr William Hamilton (Lab., Fife Central) had better luck when he asked if charges were to be made on hospital meals.

"Such charges will not be introduced. There is no truth in the rumour," uttered Mr Whitelaw.

The school prize, however, goes to Mr Donald Stewart, the Scots Nationalist leader, who asked a convoluted question about EEC grants. This brought a rejoinder which will immediately be included in the Classic Treasury of Willyisms.

"I don't know what the honorable gentleman is saying," observed Mr Whitelaw; "But I will certainly look into what he has said."

Headmistress: away in Mexico

We then turned attention to the mock trial, always a popular event in the school year. Synthetic indignation swept through the chamber as Mr Michael Heseltine, the Environment Secretary, was arraigned at the despatch box.

He had come to the House to explain how the High Court had ruled that he had acted unlawfully in cutting the rate support grant to six London boroughs.

He was, however, unwittingly let off the hook by Mr Gerald Kaufman, Labour's environment spokesman. In a bout of verbal overkill Mr Kaufman described a statement as "ungracious, shifty" and demanded "doesn't he have any shame?"

At this stage even Labour MPs began to giggle.

There was more indignation when the House moved on to the Education Bill and gleeful Labour MPs discovered that there was no Government Minister present to start the proceedings.

After considerable embarrassment Dr Rhodes Boyson, Under Secretary for Education, sprinted into the chamber, flung himself over the despatch box and gasped out an apology.

No doubt a full report of all these doings will be on the headmistress's desk when she returns at the weekend. Discipline is expected to be restored with a firm hand by next week.



هكذا من الأجل

# Anyone who thinks we aren't trying to help industry hasn't been reading the papers.

## We'll back you all the way to the year 2000.

The Midland is always ready to discuss long term financing for business.

The period can be anything from 10-20 years, the amount anything from £20,000 to £500,000 and the interest rate can be fixed at the outset.

It's especially helpful for medium and smaller businesses contemplating expansion.

Things like new premises, plant extensions, acquisitions and other major investments.

So come and talk to the Midland.

We'll listen very carefully.

And, once you're a Midland Bank customer, we'll do everything we can to help you grow. Right up to the year 2000.

**Midland**

*Come and talk to the listening bank*

*First appeared Tuesday, 1st July 1980*

## Money for the next step forward.

If your business is considering an important step forward, a Midland Venture Loan might be exactly right for you.

You can borrow from £5,000 to £250,000 on a secured basis over 1 to 10 years.

The terms are very competitive and in some cases you need pay only the interest on the loan during the first two years–a real help to cash flow.

Venture Loans can be used for buying or modifying premises, purchasing plant or machinery, and other business developments.

So if you're about to make a major move and you need a little help, come and talk to the Midland about a Venture Loan.

We'll listen very carefully.

And, once you're a Midland Bank customer, we'll do everything we can to help.

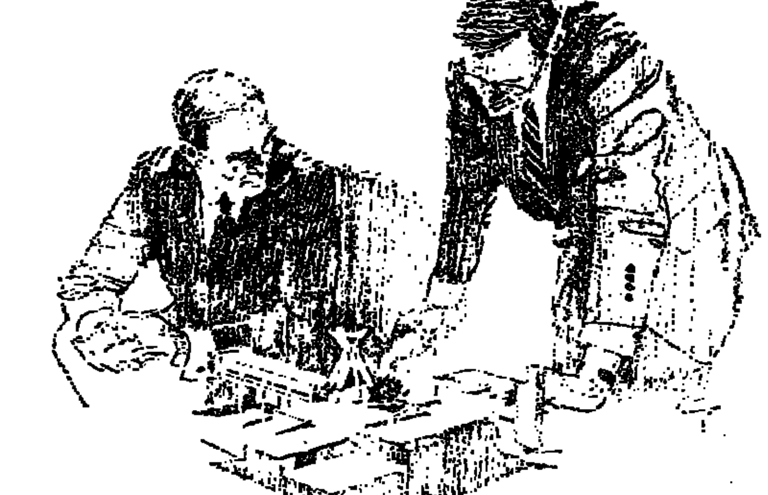
Because there's nothing we like better than helping to make a good idea work.

**Midland**

*Come and talk to the listening bank*

*First appeared Thursday, 3rd July 1980*

## Let's help you raise some money.



A key job of a good business bank is to help sound business customers raise money.

This can be a simple overdraft. Or a conventional short, medium or long term loan.

But it might be a totally different way of raising money.

Instalment finance, leasing.

Or equity finance.

Whatever it takes, if the basic business idea is sound, we'll work out the best possible financial package and deliver it.

Even if it's more than you thought you needed.

After all, there's no point in spoiling the ship for a ha'porth of finance.

Let's talk.

**Midland**

*Come and talk to the listening bank*

*First appeared Wednesday, 17th June 1981*

## Listening to small businesses is big business at the Midland.

Running an independent business can be quite nerve-racking without someone to talk to.

At the Midland we're great listeners, so drop in for a chat.

We can offer expert help. And, in suitable cases, services which include Venture and Long Term Loans, equity finance and overdraft facilities.

What's more, in the case of export finance, the Midland has a scheme for companies with an export turnover of £250,000, or less, who don't wish to use normal ECGD insurance.

There is also our Independent Business Banking Unit that's designed to co-ordinate services offered to small businesses.

So, come and talk to us.

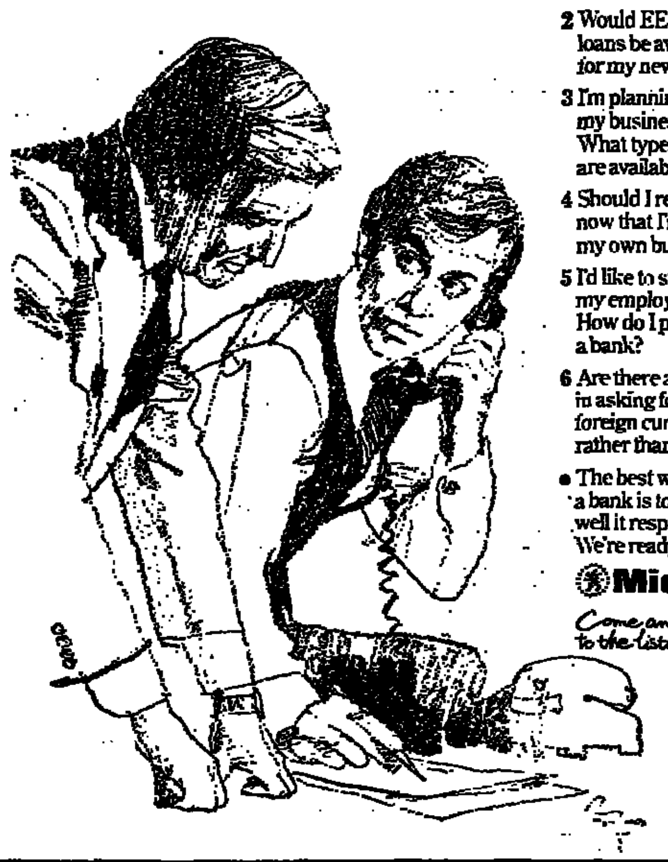
We've a good ear because we hope that one day your small business won't be quite so small.

**Midland**

*Come and talk to the listening bank*

*First appeared Wednesday, 8th October 1980*

## See how we respond.



1 How hard is it to get a 20 year loan?

2 Would EEC grants or loans be available for my new factory?

3 I'm planning to expand my business. What types of finance are available?

4 Should I review my will now that I'm running my own business?

5 I'd like to stop paying my employees in cash. How do I pay through a bank?

6 Are there advantages in asking for a loan in foreign currency rather than sterling?

• The best way to judge a bank is to see how well it responds. We're ready when you are.

**Midland**

*Come and talk to the listening bank*

*First appeared Tuesday, 14th July 1981*

## Let's get things moving.

1 How can I improve my cash flow?

2 Can I get extra share capital and retain my independence?

3 I want to open another shop.

4 My Capital Transfer Tax planning needs some help.

5 I'm planning to start a new business.

6 Can we pay you back over as long as 20 years?

• At the Midland we listen to any sound business idea.

Carefully.

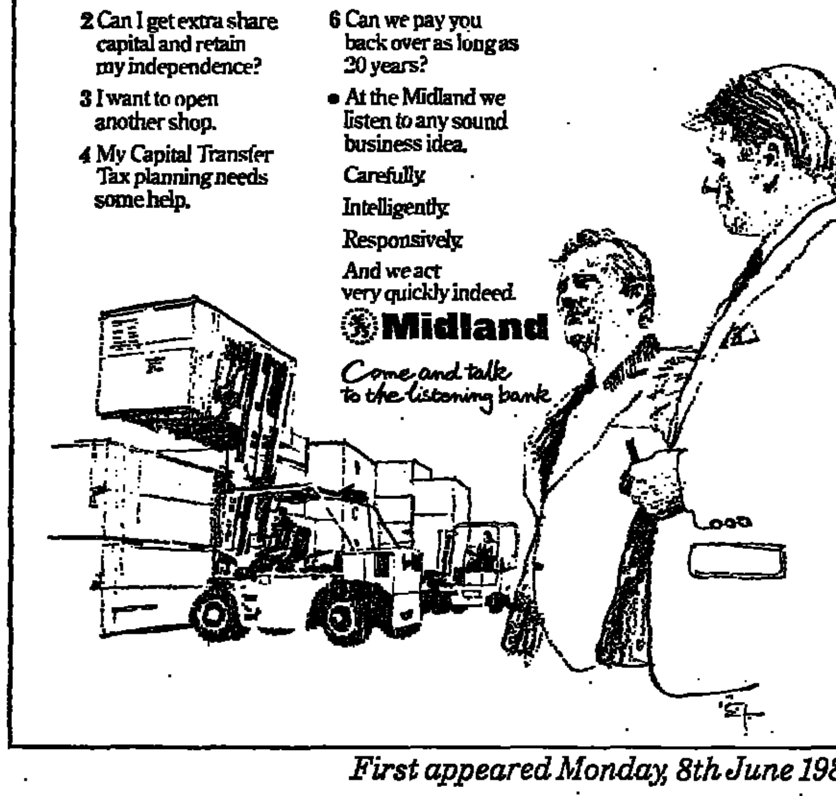
Intelligently.

Responsively.

And we act very quickly indeed.

**Midland**

*Come and talk to the listening bank*



*First appeared Monday, 8th June 1981*

## Talk about it.

1 Documentary Credits confuse me.

2 Will you invest in my business?

3 I need a better storage system.

4 I want to open another shop.

5 My Capital Transfer Tax planning needs some help.

6 I'm planning to start a new business.

7 I need a new machine.

8 I'm thinking of setting up a trust fund.

9 Can I get a 20-year loan?

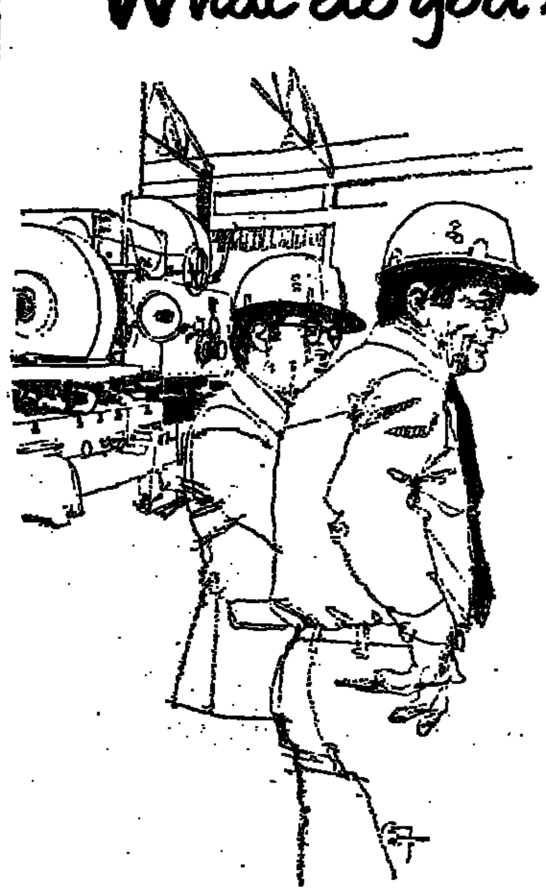
• At the Midland we listen to any sound business idea. Carefully. Intelligently. Responsively. And we act very quickly indeed.

**Midland**

*Come and talk to the listening bank*

*First appeared Sunday, 29th June 1980*

## What do you need?



1 Can my repayments be tailored to the earning power of my new plant?

2 My company needs advice on employee pension plans.

3 Can I get some help from the Midland in Tokyo?

4 We're tendering for a major contract and may need a performance bond.

5 I want a better way to finance my car fleet.

6 Can you act as my company's registrar?

7 Is instalment finance better than leasing?

• At the Midland our aim is to help our customers get what they need.

So let's talk.

You'll find we respond as intelligently as we listen.

**Midland**

*Come and talk to the listening bank*

*First appeared Friday, 12th June 1981*

**Midland**

*Come and talk to the listening bank*

Midland Bank Limited

# Gestetner on the threshold of a high-technology new century

**Guy de Jonquieres looks at the background to takeover talks for BTG's Nexos subsidiary**

SOON AFTER Nexos Office Systems launched a new word processor several months ago Mr Brian Willott, recently appointed chief executive of the National Enterprise Board, said: "Nexos' success with this machine will be make-or-break. It is too early to tell yet, but we should know by Christmas—before then if things were to go seriously wrong."

*In the event the NEB*—renamed British Technology Group (BTG) after its merger with the National Research Development Corporation—has not waited until the end of the year to form a judgement.

It clearly has concluded that the prospects for Nexos in its present form are gloomy and is negotiating to sell the subsidiary to Gestetner, the British copier and duplicator manufacturer which his year celebrates its centenary.

The move is a striking example of the determination of Sir Frederick Wood, the BTG chairman, to cut out the bigger gambles in the group's investment portfolio and concentrate on those ventures which stand a reasonable chance of commercial success.

Nexos, which was promised public funding of £45m when it was set up in 1978, is the BTG's *second biggest investment in* high technology after Inmos, the *microchip* manufacturing project.

Nexos was set up by the last government in the hope that it would carve out a distinctly British niche in the fast-growing world market for sophisticated electronic office systems. Led by a team of enthusiastic young executives, many recruited by IBM, it set itself the ambitious target of marketing a comprehensive range of technically advanced office products.

To do this it signed a number of agreements with manufacturers. The best-publicised has been to market an ingeni*ous and powerful computer de*veloped by Delphi, an affiliate of Exxon, the U.S. oil company. The computer is designed to be the communication nerve-centre of an advanced electronic office.

Nexos linked with Muirhead, the financially-struggling British manufacturer of facsimile machines and with Logica, one of Britain's leading computer service houses which is part-owned by the NEB. It has also undertaken a number of development projects in fields like electronic mail message systems.

Muirhead's main contribution has been to import small facsimile machines made by Oki of Japan. These were intended as a stop-gap until Nexos developed a suitable model of its own design. But none has emerged.

The only serious interest in the Delphi computers so far *has come from* British Telecom, which has been discussing the possibility of a joint venture to operate automated telephone answering services. But at a starting *price* of around £250,000, the computers appear to be too expensive and too sophisticated for the European market.

The word processor, launched at £7,500, was intended to strengthen Nexos' product strategy further down the market and to attract big customers who might eventually also decide to buy a Delphi computer. Made in Swindon by Logica VTS, a joint venture between Logica and the BTG, it won early plaudits for its design and technical capabilities.

*But it is widely believed* Nexos is some way below its sales target of 2,000 machines a year. Difficulty in achieving an acceptable level of volume has prevented the company from attaining the lower unit production costs essential to compete in a market where price-cutting is relentless.

In the last financial year Nexos lost £10m. It has drawn about £28m of its total commitment from the BTG, which was set at £35m under the present government. The BTG doubts that it can recoup more than a fraction of its investment by selling Nexos but clearly regards that option as preferable to a continuing drain on its resources.

For Gestetner, Nexos offers a chance of making up for lost time. To a large extent Gestetner has been overtaken by the emergence of the market for high-technology electronic office products. It continues to rely on its range of stencil duplicators for most of its shrinking profits.

Although it recently invested heavily to develop a range of plain paper copiers it remains to be seen how these will fare against increasingly tough competition from Rank-Xerox, the market leader, and the Japanese.

Much of Gestetner's strength lies in its extensive international markting organisation and an able sales force. These would undoubtedly have made it the target of a takeover bid if tight control had not been *retained by the Gestetner family* over the company's voting shares.

Gestetner has not concealed that it has been exploring ways *of entering the market for elec*tronic office products and has talked with a number of other companies. Although these are likely to continue, none appears to be at a more advanced stage, than the Nexos negotiations.

Gestetner is mainly interested in Nexos' word processing operation and its prototype electronic mail system. An outline agreement is believed to have been reached already for it to acquire manufacturing and marketing rights to the former. *But major question marks* remain over the future of Nexos' links with Delphi and Muirhead.

No other bidder appears likely for these parts of the business and severing the agreements could prove expensive.

# Varley urges new social contract

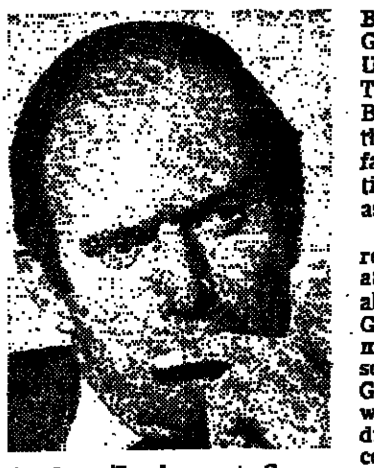
BY JOHN LLOYD, LABOUR CORRESPONDENT

MR ERIC VARLEY, the Labour Party's employment spokesman, yesterday made the most forthright defence of an incomes policy since Labour lost the last election after the failure of its "social contract."

Mr Varley's unapologetic call for a new social contract—now termed a "national economic assessment"—was coupled with a promise that a future Labour government would reintroduce a Prices Commission as one *means of ensuring the accept*ability of wage restraint.

He also predicted that the present Government would attempt to cut social security benefits, and that the much-heralded trade union legislation which will be announced in the Queen's Speech next month would force the unions "out of their essentially consultative role back into Trafalgar Square."

*His speech, to the annual con*ference of the Institute of Personnel Management at Harrogate, reflects the growing self-confidence of Labour's centre and right since their gains on the party's national executive committee at last month's conference.



Shadow Employment Secretary Eric Varley defends incomes policy

Mr Varley, in common with a number of union leaders and senior Labour politicians, believes that the hard pounding *the unions have* received over the past two years, and the continued pounding they will receive in the coming year, will convince them of the need for planning on wages, and the rest of the economy.

*He received conditional sup*port in a speech by Mr David Basnett, general secretary of the General and Municipal Workers' Union and chairman of the TUC's economic committee. Mr Basnett, the centrist linchpin on the TUC's general council, favours an extension of collective bargaining to cover most aspects of the economy.

He said: "If they are to represent their member's aspirations, unions must bargain about the social wage with the Government. Sometimes, there may be a trade-off between the social wage and direct wages. Governments and trade unions will see that trade-off differently. They will have to compromise. But to bargain is to compromise.

"Rather than abolish collective bargaining, we should broaden its scope and enter a new stage of negotiations—with government. Or with a government that will listen. We should not be talking about incomes policies imposed from above, but about genuine dialogue and agreement on all aspects of social and economic policy."

Mr Varley, who acknowledged that his speech would not unify the Labour Party, was unequivocal. "No British Government can ignore what is happening on earnings. It is essential to get agreement on incomes and the role of incomes," he said.

"To enter a period of government without a properly thought out assessment of priorities would be a disaster. To embrace a policy of planning without a counter-inflation policy would not command much credibility from the public either."

The cockpit for the struggle within the Labour movement over what form a "national economic assessment" would take is the TUC-Labour Party liaison commission, which will resume work on Monday after the two wings of the movement have put their conferences behind them.

The TUC representatives have an ambiguous mandate from the congress. This accepted a document permitting discussion on incomes with the party, and ruled out the conclusion of an understanding which curbed incomes with a Labour Government in a separate motion. However, the party is likely to be more sympathetic to Mr Varley's position now that the Right and Centre have equal say on the NEC with the Left.

# Civil Service poll infighting hots up

BY PHILIP BASSETT, LABOUR STAFF

POLITICAL INFIGHTING in the largest Civil Service trade union will be fuelled next week by the campaign addresses of branch candidates in the union's first elections for full-time senior posts.

The union is the politically *deeply-divided Civil and Public* Services Association. The elections stem from the retirement, due next year under union rules, of Mr Ken Thomas, its general secretary, and from the retirement for health reasons of its general treasurer.

Lobbying by the union's left and right has gone on since it became known the issue of appointment by election or nomination was to be decided at its annual conference earlier this year. Delegates then approved a left-led constitutional change which required election rather than nomination of senior full-time officers.

*Left-wingers are supporting* Mr John Macreadie for the general secretaryship. He is a CPSA assistant secretary and supports the Militant Tendency. Mr Alistair Graham, the union's deputy general secretary, is, however, widely regarded as the favourite.

The growing strength of the Militant Tendency in the CPSA is referred to in the address of Mr John Raywood, the union's assistant general secretary. He is standing for the treasurer's post.

He says: "It is well known that the Trotskyists in the Militant group are trying to take over the CPSA. They have already backed one of the candidates in this election. The selection was made at a secret meeting from which ordinary members of the union were debarred. *I am totally opposed* to these *subversive* activities."

Referring to this year's Civil Service pay dispute, he says: "There is no doubt that if the Marxists succeed in capturing control of our union we will be dragged into further damaging strikes. This would be disastrous when we are still trying to recover from the recent six-months' dispute.

"Marxist control would lead to the *abolition* of *democracy* within the union; the leadership would be hopelessly unrepresentative of the membership; amicable relations with other unions would be jeopardised; and members would resign in droves. We cannot allow this to happen."

Another candidate for the post, Mr Terry Ainsworth, welcomes the support pledged to *himself by the CPSA's broad* left. He says: "The effectiveness of our recent campaigns including selective strikes must be seriously in question. Our future strike policy must include a willingness to use the strength of the Department of Employment and Department of Health and Social Security."

Another candidate, Mrs Jean Thomason, says "this election must not be decided on political *grounds*."

In the election for general secretary, Mr Graham supports his candidature mainly on his union record. He says however that the real threat to the union comes from those in it "who seek to use the union for sectarian or party political advantage."

# Thatcher may 'blunder into clash with unions'

THE GOVERNMENT could "blunder" into a confrontation with the unions this winter, Mr David Basnett, the general secretary of the General and Municipal Workers' Union, said yesterday, reports John Lloyd from Harrogate.

The chances are, however, that the real clash "is more likely to be next winter than this," he added.

Mr Basnett, whose union covers much of the public sector, is a key figure for developing a joint attack by *public sector workers on the* Government's pay norm of 4 per cent.

However, he will take a cautious line at next Wednesday's meeting of the TUC General Council, when leaders of the Transport and General Workers' Union and the National Union of Public Employees will argue for a conference of public sector unions.

Mr Basnett told a seminar at the Institute of Personnel Management conference that the Government could make a mistake in negotiations with a public sector group and precipitate a major strike.

*"If this were to happen, it* would set up a domino effect on other public sector unions, especially in the energy sector."

# Only 250 docks men offer to go

WITH just a week to go before applications close, only 250 London dockers have applied for voluntary severance under the special national scheme that provides a £5,500 top-up to the usual maximum payment of £10,500.

The Port of London *Authority, which wants to* shed nearly 600 registered workers, is hoping that this week's transfer of workers *from* the Royal Docks to Tilbury will boost applications.

Britain's port employers are hoping to lose about 3,000 workers through the scheme.

# Lucas Aerospace strike made official

BY BRIAN GROOM, LABOUR STAFF

A STRIKE over new technology payments at two Birmingham plants of Lucas Aerospace's engine management division has been made official by one of the unions involved, the Association of Professional, Executive and Computer Staff (Apex).

However, the unity of the strikers—who originally numbered nearly all the 1,700 workers at Shaftmoor Lane and Moor Green—sustained a severe blow yesterday when 200-300 members of the staff union AUEW-Tass crossed the picket *lines*.

They joined 20 members of the Electrical and Plumbing Trades Union who had already returned to work, and 100 members of the Association of Scientific, Technical and Managerial Staffs who have played no part in the strike.

The stoppage began 10 days ago over the suspension of 62 clerical and 13 production workers who refused to use video display units without receiving extrap yaments for their introduction.

It has halted production at the plans, which makes equipment such as fuel control systems for aircraft engines. The long lead times involved in making the products mean the company has not yet felt its effects too severely.

The Tass members voted on Wednesday for a return to work after insisting on a meeting outside the auspices of the inter-union shop stewards committee, which called the strike.

Full-time Tass officials and shop stewards who argued against going back will try to persuade the Tass members that they should not cross an official Apex picket line.

# Rolls-Royce strikers in Glasgow vote to stay out

FINANCIAL TIMES REPORTER

A MASS meeting of 1,500 strikers at the Rolls-Royce factory at Hillington, Glasgow, yesterday voted by an overwhelming majority to stay out. There could now be early lay-offs of the remaining *2,500* shopfloor workers.

The dispute concerns new work practices aimed at improving manufacturing methods. Shop-stewards' convener Mr George McCormack said the new procedures meant existing times for work were being reduced. The men were concerned about job-losses.

The company said the new procedures had been agreed at *national* level with the unions and were operating at the company's other factories.

The *national* executive committee of the engineers' union has told the Hillington shop-stewards that the agreement on the procedures should be implemented.

Later the company said the position of the remaining 2,500 *shop-floor workers would be re*viewed on a daily basis from next Monday. Union officials had advised the works committee to implement the agreement.

# APPOINTMENTS

## LeRoy-Lewis to head R.P. Martin

Mr David LeRoy-Lewis, who recently retired as chairman of Akroyd and Smithers, has joined the board of R. P. MARTIN AND CO and has been appointed non-executive chairman from November 1. He is also deputy chairman of Touche Remnant and Co. In accordance with the agreed terms of the merger with the Bierbaum Group, Mr Peter M. Endres and Mr Michael D. Phelan become joint managing directors, Mr Wolfgang Struck and Mr Peter Watling become joint deputy managing directors. Mr Alan Griffiths and Mr Martin H. Renfer have been appointed to the board, together with Mr Eduard Will (managing director of Bear Stearns International Corporation, London) who will serve as a non-executive director.

★

Mr A. Jolley, formerly chief executive of the safety products division, has been appointed president and chief executive operating officer of WARD WHITE USA HOLDINGS INC. Mr T. R. Lovell has been appointed chief executive of the safety products division.

The footwear manufacturing and distribution divisions are to become the UK footwear division with Mr J. G. Dodson as divisional chief executive. Mr C. G. L. Rose is appointed chief executive for the European and Scandinavina groups and Mr G. Broughton is appointed chief executive of the newly-formed retail division comprising Wyles Shoes and D. Lewis. Mr Broughton continues as managing director of Betts and Broughton and Mr G. K. Rees is appointed deputy managing director. Mr P. Haselton is appointed managing director of Britton of UK.

★

Mr Raymond Neal has been appointed to the board of the TSB TRUST CO. He is presently general manager, TSB of Eastern England, a position which he retains.

★

Dr Alf Roberts has been appointed financial controller for Midlands region of the CENTRAL ELECTRICITY GENERATING BOARD. He takes over from Mr John Uttley who has been appointed corporate financial controller at CEGB's headquarters in London. For the past six years Dr Roberts has been manager of the engineering sciences branch in Midlands region scientific services department.

★

Mr Peter Hammond has been appointed managing director of EROS MAILING, a member of the Edman communications group.

John Lelliott Holdings has restructured G. & W. WALLER'S board. Mr E. Richards and Mr F. Cardwell have been appointed joint managing directors. Mr J. C. G. Jones has resigned from the company.

★

Mr J. E. Paterson, finance director of London and European group which was recently acquired by Bardsey, has been appointed to the board of BARDSEY.

★

Mr Bill Hooker has been appointed chief purchasing officer (designate) of NATIONAL BUS COMPANY. He joins NBC from Automotic Products, and will succeed Mr Arthur Timms when he retires at the end of November.

★

Mr David A. Graham, director-general of the Greater Manchester Passenger Transport Executive, has been elected president of the CONFEDERATION OF BRITISH ROAD PASSENGER TRANSPORT for the year 1981-82, in succession to Mr Ron Whittle of the Whittle Coach and Travel Group. Four vice-presidents were also elected: Mr G. R. Brook, National Bus Company; Dr D. A. Quarmby, London Transport Executive; Mr W. S. Lewis, Southampton City Transport; and Mr H. Allen, Yelloway Motor Services. Mr I. Cunningham from Bournemouth City Transport was re-elected as honorary treasurer.

★

Mr Jeffrey Frost, executive director of the Committee on Invisible Exports, has been appointed an associate director of LONDON AND CONTINENTAL BANKERS from January 1.

★

LONDON CITY UNDERWRITING AGENCIES has appointed Mr R. J. Nightingale as a director. He was formerly a director of C. T. Bowring and Co. (Insurance).

★

Mr Mike Peters has been elected national president of the RADIO, ELECTRICAL AND TELEVISION RETAILERS' ASSOCIATION.

★

Mr Ian Howie, chairman and joint managing director of Merrydown, has been appointed president of the COMMON MARKET PERMANENT INTERNATIONAL VINEGAR COMMITTEE.

★

Mr William J. Dalton, president and managing director of TEREX, has been appointed deputy chairman and chief executive officer of IBH Holding UK and a member of the worldwide executive board of IBH Holding AG, Mainz, West Germany.

### OVERSEAS

Mr Dennis R. Wing has been appointed vice-president and director, international of FIRST MARATHON SECURITIES, Toronto, an investment dealer specialising in Canadian equities.

★

Mr Roger T. Brunskill, general manager, branch banking and Mr Alwynne G. Kilpatrick, general manager, corporate banking, have been appointed directors of ANZ BANK.

★

Mr Norborne Berkeley Jr will step down on January 1 as president and director of CHEMICAL NEW YORK CORPORATION and its principal subsidiary, Chemical Bank, and will become chairman of the executive committee until his retirement next June 30. Mr Walter V. Shipley, senior executive vice-president, will succeed Mr Berkeley as president and as a board member from January 1. Mr Donald C. Platten will remain as chairman and chief executive officer.

★

Mr Walter Heiniger is next April to take early retirement from the position of management chairman with HERO CONSERVEN LENZBURG, Swiss-based foodstuffs group. He will be nominated for the company's board. His designated successor is Mr Fredy P. Kern, who will retain his position as head of group marketing.

★

At TEXASGULF AUSTRALIA a subsidiary of Texasgulf Inc, Mr Lloyd A. Berrey has been appointed senior vice-president and will be the senior officer of the company in Australia, based in Perth. Dr Morland E. Smith will continue as vice-president of exploration. Dr John G. Linley was appointed vice-president in charge of evaluation and development.

★

COMMONWEALTH HOLIDAY INNS OF CANADA, largest franchisee within the Holiday Inn system, has made the following changes: Mr Raymond Yelle, who for the past six years has been senior vice-president—Europe, based in the UK, has been named president and chief operating officer at the company's headquarters in Toronto; in the UK Mr Fritz Ternofsky has been appointed vice-president—operations; and Mr Howard Field becomes vice-president—finance.

★

EUROPEAN AMERICAN BANK, New York, has appointed 12 vice-presidents. They are Mr Ronald A. Bruens, Mr Lawrence A. Clark, Mr Raul G. Cruz, Mr Harry A. Frank, Mr Daniel J. Horan, Mr Nels V. Marin, Mr Emilio L. Martinez, Mr Peter Murphy, Mr Alan Nelson Mr Wolfgang Platzer, Mr Andrew M. Orsen, and Mr Neil Umhafer.

★

Mr Alfred G. Lapierre has been named president of the electronic devices division of ROCKWELL INTERNATIONAL CORPORATION, Dallas. He recently headed the MOS/LSI business of National Semiconductor Company, Santa Clara, California. Mr Lapierre succeeds Mr Howard Walrath, who has been appointed a vice-president.



# Transvaal

# Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa.

Reports of the directors for the quarter ended September 30 1981

## WESTERN DEEP LEVELS

Western Deep Levels Limited

ISSUED CAPITAL: 25 000 000 shares of R2 each

| | Quarter ended Sept. 1981 | Quarter ended June 1981 | 9 months ended Sept. 1981 |
|---|---|---|---|
| **OPERATING RESULTS** | | | |
| **GOLD** | | | |
| Area mined—m² 000's | 195 | 191 | 555 |
| Tons milled 000's | 825 | 798 | 2 351 |
| Yield—g/t | 12.44 | 12.10 | 12.54 |
| Production—kg | 10 260 | 9 656 | 29 484 |
| Cost—R/m² mined | 242.85 | 226.27 | 238.07 |
| —R/ton milled | 57.39 | 54.13 | 56.21 |
| —R/kg produced | 4 615 | 4 473 | 4 482 |
| **URANIUM OXIDE** | | | |
| Tons treated 000's | 609 | 605 | 1 744 |
| Yield—kg/t | 0.10 | 0.10 | 0.10 |
| Production—kg | 58 767 | 58 821 | 166 602 |
| **PRICE RECEIVED ON SALES** | | | |
| Gold—R/kg | 12 768 | 13 081 | 12 902 |
| —$/oz | 424 | 488 | 475 |
| **FINANCIAL RESULTS** | R000 | R000 | R000 |
| Gold—revenue | 132 494 | 126 695 | 380 577 |
| —costs | 47 349 | 43 199 | 132 151 |
| —profit | 85 145 | 83 496 | 248 426 |
| Uranium oxide profit | 1 185 | 433 | 3 094 |
| Net sundry income | 2 658 | 2 160 | 6 992 |
| Profit before taxation and State's share of profit | 88 988 | 86 089 | 258 512 |
| Provision for taxation and State's share of profit | 29 473 | 31 716 | 101 011 |
| Profit after taxation and State's share of profit | 59 515 | 54 373 | 157 501 |
| Deduct: | | | |
| Appropriation for the first six months: | | | |
| Capital expenditure | | | 45 372 |
| *Provision for dividend on 'C' ordinary shares | | | 1 100 |
| Dividend—interim | | | 50 000 |
| Retained profit for the nine months | | | 61 029 |
| Capital expenditure | 36 506 | 29 749 | 81 999 |
| **SHAFT SINKING** (pre-sinking) | | | |
| No. 1 main shaft | | | |
| Advance—metres | — | 17 | 31 |
| Depth to date—metres | 45 | 45 | 45 |
| No. 1 service shaft | | | |
| Advance—metres | 32 | — | 38 |
| Depth to date—metres | 64 | 32 | 64 |

* The provision is in respect of the accrual of dividends, payment of which will be effected when the 'C' ordinary shares are issued in terms of arrangements outlined in the circular to members dated August 21 1980.

**DEVELOPMENT**

| | Advance metres | Sampled metres | channel width cm | gold g/t | gold cm.g/t | uranium kg/t | uranium cm.kg/t |
|---|---|---|---|---|---|---|---|
| Carbon Leader | | | | | | | |
| Shaft area | | | | | | | |
| No. 2 | 3 998 | 56 | 37.9 | 81.93 | 3 105 | 0.75 | 28.52 |
| No. 3 | 4 783 | 104 | 15.7 | 263.12 | 4 131 | 1.91 | 29.99 |
| Quarter ended September 1981 | 8 781 | 160 | 23.5 | 160.51 | 3 772 | 1.25 | 29.48 |
| Quarter ended June 1981 | 8 917 | 136 | 20.6 | 203.40 | 4 190 | 1.41 | 29.00 |
| Nine months ended September 1981 | 25 828 | 484 | 21.7 | 165.62 | 3 594 | 1.35 | 29.37 |
| V.C.R. | | | | | | | |
| Shaft area | | | | | | | |
| No. 2 | 2 282 | 94 | 28.1 | 51.89 | 1 458 | — | — |
| No. 3 | 1 774 | 48 | 11.8 | 12.71 | 150 | — | — |
| Quarter ended September 1981 | 4 156 | 142 | 22 6 | 44.96 | 1 016 | — | — |
| Quarter ended June 1981 | 4 130 | — | — | — | — | — | — |
| Nine months ended September 1981 | 11 772 | 180 | 20.9 | 46.08 | 963 | — | — |

**DIVIDEND**

The interim dividend of 200 cents a share in respect of the current financial year which ends on December 31 1981 was declared on July 23 1981 payable to members registered on August 7 1981 and was paid on September 11 1981

**CAPITAL EXPENDITURE**

Capital experditure for the year ending December 31 1981 is now estimated at R120 000 000 (previously R137 600 000).

**CAPITAL EXPENDITURE COMMITMENTS**

Orders placed and outstanding on capital contracts as at September 30 1981 totalled R61 167 L70.

For and on behalf of the board
G. LANGTON, W. R. LAWRIE } Directors

October 23 1981

## ERGO

East Rand Gold and Uranium Company Limited

ISSUED CAPITAL: 41 000 000 shares of 50 cents each

| | Quarter ended Sept. 1981 | Quarter ended June 1981 | 6 months ended Sept. 1981 |
|---|---|---|---|
| **OPERATING RESULTS** | | | |
| Slimes treated—tons | 4 777 000 | 5 033 000 | 9 810 000 |
| Total production | | | |
| uranium oxide—kg | 76 081 | 81 964 | 158 045 |
| sulphuric acid—tons | 105 380 | 120 014 | 225 394 |
| oleum—tons | 5 969 | 7 569 | 13 538 |
| gold—kg | 1 391 | 1 754 | 3 145 |
| Treatment of pyrite purchased—tons | — | 4 604 | 4 604 |
| Production (included in the above figures) | | | |
| gold—kg | — | 33 | 33 |
| sulphuric acid—tons | — | 4 114 | 4 114 |
| **PRICE RECEIVED ON SALES** | | | |
| Gold—R/kg | 12 646 | 13 060 | 12 844 |
| —$/oz | 419 | 484 | 449 |
| **FINANCIAL RESULTS** | R000 | R000 | R000 |
| Revenue—Gold and silver | 17 836 | 22 450 | 40 286 |
| —uranium oxide and sulphuric acid | 7 031 | 6 468 | 13 499 |
| Total revenue | 24 867 | 28 918 | 53 785 |
| Cost of sales | 8 837 | 9 110 | 17 947 |
| Operating profit | 16 030 | 19 808 | 35 838 |
| Net sundry income | 748 | 582 | 1 330 |
| Profit before taxation | 16 778 | 20 390 | 37 168 |
| Provision for taxation | 555 | — | 555 |
| Profit after taxation | 16 223 | 20 390 | 36 613 |
| Deduct: | | | |
| Appropriation for capital expenditure | | | 5 402 |
| Dividend—interim | | | 24 600 |
| Retained profit for the six months | | | 6 611 |
| Capital expenditure | | | |
| Total | 5 202 | 1 330 | 6 532 |
| Simmer and Jack project | 3 055 | — | 3 055 |

**DIVIDEND**

The interim dividend of 60 cents a share in respect of the current financial year which ends on March 31 1982 was declared on October 22 1981, payable to members registered on November 6 1981 and will be paid on or about December 11 1981. Attention is drawn to the announcement relating to dividend No. 6, published in conjunction herewith.

**CAPITAL EXPENDITURE COMMITMENTS**

Orders placed and outstanding on capital contracts as at September 30 1981 totalled R8 833 000 which includes an amount of R5 884 000 for the Simmer and Jack project.

**PRODUCTION**

Production for the current quarter was adversely affected due to a lesser number of operational days, a marginally reduced gold head grade and the scheduled bi-annual overhaul of the acid plant.

**SIMMER AND JACK PROJECT**

Excavations for the foundations of the gold plant are nearing completion and tenders for the civil work have been invited.

The timber in the top 30 metres of the South Deep shaft has been replaced and further examination of the shaft is proceeding.

For and on behalf of the board
D. A. ETHERIDGE, W. R. LAWRIE } Directors

October 23 1981

## EAST DAGGAFONTEIN

East Daggafontein Mines Limited

ISSUED CAPITAL: 3 730 000 shares of R1 each

| | Quarter ended Sept. 1981 | Quarter ended June 1981 | Nine months ended Sept. 1981 |
|---|---|---|---|
| **FINANCIAL RESULTS** | R000 | R000 | R000 |
| Royalties | 7 | 425 | 536 |
| Sundry revenue | 2 | 9 | 46 |
| | 9 | 434 | 582 |
| Deduct: | | | |
| Costs | 79 | 66 | 193 |
| Surplus (loss) before taxation | (70) | 368 | 389 |
| Taxation—estimated | (46) | 223 | 208 |
| Surplus (loss) after taxation | (24) | 145 | 181 |

**BONANZA GOLD MINE (PROPRIETARY) LIMITED**

As previously reported, the company has acquired 23 per cent of the issued share capital of Bonanza Gold Mine (Proprietary) Limited (Bonanza) and consequently subscribed at par on August 13 1981 and September 7 1981 for, in each instance, 115 000 ordinary shares of R1.00 each in Bonanza being the company's proportion of two further issues by Bonanza each comprising 500 000 ordinary shares of R1.00 each.

**ROYALTIES**

The low royalty receipts in the quarter are attributed to the following:

(i) under the arrangements whereby the company acquired a 23 per cent interest in Bonanza, royalties from that source ceased on April 1 1981;

(ii) royalties from operations in the area mined under tribute by Marievale Consolidated Mines Limited (Marievale) are payable in February and August. During the six months ended June 30 1981, operations resulted in a loss and this company was obliged to pay R11 000 to Marievale during the quarter ended September 30 1981;

(iii) royalties from The Grootvlei Proprietary Mines Limited are payable in April and October.

For and on behalf of the board
W. R. LAWRIE, G. LANGTON } Directors

October 23 1981

**SOUTHVAAL HOLDINGS LIMITED and THE AFRIKANDER LEASE LIMITED**

The attention of shareholders of these companies is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

## ELANDSRAND

Elandsrand Gold Mining Company Limited

ISSUED CAPITAL: 96 619 825 shares of 20 cents each

| | Quarter ended Sept. 1981 | Quarter ended June 1981 | 9 months ended Sept. 1981 |
|---|---|---|---|
| **OPERATING RESULTS** | | | |
| **GOLD** | | | |
| Area mined—m² 000's | 66 | 67 | 190 |
| Tons milled 000's | 325 | 311 | 902 |
| Yield—g/t | 4.17 | 4.64 | 4.30 |
| Production—kg | 1 354 | 1 445 | 3 878 |
| Cost—R/m² mined | 258.80 | 216.08 | 230.38 |
| —R/ton milled | 52.56 | 46.47 | 48.53 |
| —R/kg produced | 12 615 | 10 018 | 11 287 |
| **PRICE RECEIVED ON SALES** | | | |
| Gold—R/kg | 12 714 | 13 108 | 12 930 |
| —$/oz | 421 | 484 | 470 |
| **FINANCIAL RESULTS** | R000 | R000 | R000 |
| Gold—revenue | 17 572 | 18 742 | 50 168 |
| —costs | 17 081 | 14 476 | 43 772 |
| profit | 491 | 4 266 | 6 396 |
| Net sundry income | 2 193 | 63 | 1 300 |
| Profit | 2 684 | 4 329 | 7 696 |
| Capital expenditure | 5 788 | 6 707 | 18 848 |
| **SHAFT SINKING** | | | |
| Sub-vertical rock/ventilation shaft | | | |
| Headgear portion completed—metres | 120 | 120 | 120 |
| Advance (below collar)—metres | 66 | 30 | 102 |
| Depth to date—metres | 132 | 66 | 132 |

**DEVELOPMENT**

| | Advance metres | Sampled metres | channel width cm | gold g/t | gold cm.g/t |
|---|---|---|---|---|---|
| V.C.R. | | | | | |
| Quarter ended September 1981 | 7 460 | 1 530 | 57.7 | 14.44 | 833 |
| Quarter ended June 1981 | 6 906 | 866 | 52.2 | 13.26 | 692 |
| Nine months ended September 1981 | 19 777 | 2 750 | 56.0 | 14.91 | 835 |

**CAPITAL EXPENDITURE**

Capital expenditure for the year ending December 31 1981 is now estimated at R29 000 000 (previously R32 500 000).

**CAPITAL EXPENDITURE COMMITMENTS**

Orders placed and outstanding on capital contracts as at September 30 1981 totalled R7 825 000.

**FORECAST PRODUCTION**

The forecast gold production for the year has been reduced to 5 180 (previously 6 096) kilograms from milling 1 200 000 tons at a grade of 4.3 (previously 5.08) grams a ton. The principal reason for the reduction is that mining values encountered in the area west of the shaft were lower than indicated from the results of development.

For and on behalf of the board
D. A. ETHERIDGE, W. R. LAWRIE } Directors

October 23 1981

## S.A. LAND

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 9 182 700 shares of 35 cents each

| | Quarter ended Sept. 1981 | Quarter ended June 1981 | 9 months ended Sept. 1981 |
|---|---|---|---|
| **OPERATING RESULTS** | | | |
| **GOLD** | | | |
| Tons milled 000's | 375 | 366 | 1 099 |
| Yield—g/t | 0.88 | 0.92 | 0.98 |
| Production—kg | 330 | 336 | 1 082 |
| Production cost—R/ton milled | 4.14 | 3.91 | 3.93 |
| —R/kg produced | 4 700 | 4 262 | 3 973 |
| **PRICE RECEIVED ON SALES** | | | |
| Gold—R/kg | 12 589 | 12 977 | 12 848 |
| —$/oz | 417 | 481 | 478 |
| **FINANCIAL RESULTS** | R000 | R000 | R000 |
| Gold—revenue | 4 230 | 4 368 | 13 926 |
| —production costs | 1 551 | 1 432 | 4 299 |
| | 2 679 | 2 936 | 9 627 |
| Less delivered cost of dump material | 1 847 | 2 111 | 6 318 |
| Gold profit | 832 | 825 | 3 309 |
| Sale of salvaged equipment and scrap | 7 | 3 | 14 |
| Net sundry revenue | 590 | 368 | 1 125 |
| Profit before taxation | 1 429 | 1 196 | 4 448 |
| Taxation—estimated | (455) | (2) | 378 |
| Profit after taxation | 1 884 | 1 198 | 4 070 |
| Deduct: | | | |
| Appropriation for the first six months: | | | |
| Capital expenditure | | | 655 |
| Dividend—interim | | | 1 377 |
| Retained profit for the nine months | | | 2 038 |
| Capital expenditure | 2 110 | 856 | 3 100 |
| Less: | | | |
| Recoupment | 301 | — | 301 |
| | 1 809 | 856 | 2 799 |

**DIVIDEND**

The interim dividend of 15 cents a share in respect of the current financial year which ends on December 31 1981 was declared on July 23 1981, payable to members registered on August 7 1981 and was paid on September 11 1981.

**CAPITAL EXPENDITURE COMMITMENTS**

Orders placed and outstanding on capital contracts as at September 30, 1981 totalled R8 008 000.

**DE-WATERING OF VAN DYK NO. 5 SHAFT AND UNDERGROUND WORKINGS**

The main shaft from surface has been commissioned to provide access to the sub-vertical shaft hoist level where work has commenced on the foundations for the underground winder. It is estimated that this winder will be operational in the second quarter of 1982 which will enable the examination of the sub-vertical shaft down to the flood level to be undertaken.

For and on behalf of the board
W. R. LAWRIE, G. LANGTON } Directors

October 23 1981

## VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each.

| | Quarter ended Sept. 1981 | Quarter ended June 1981 | 9 months ended Sept. 1981 |
|---|---|---|---|
| **OPERATING RESULTS** | | | |
| **GOLD** | | | |
| Totals for the three lease areas | | | |
| Area mined—m² 000s | 484 | 480 | 1 417 |
| Tons milled—000s | 2 160 | 2 198 | 6 438 |
| Yield—g/t | 8.80 | 8.82 | 8.72 |
| Production—kg | 19 001 | 19 391 | 56 295 |
| Cost—North and South Lease areas | | | |
| —R/m² mined | 196.68 | 179.30 | 187.23 |
| —R/ton milled | 44.55 | 38.22 | 40.40 |
| —R/kg produced | 5 062 | 4 332 | 4 620 |
| North Lease area | | | |
| Area mined—m² 000's | 353 | 314 | 947 |
| Tons milled—000's | 1 357 | 1 374 | 4 106 |
| Yield—g/t | 7.66 | 7.85 | 7.52 |
| Production—kg | 10 396 | 10 781 | 30 879 |
| Cost—R/m² mined | 188.57 | 171.82 | 180.97 |
| —R/ton milled | 46.27 | 39.26 | 41.74 |
| —R/kg produced | 6 040 | 5 004 | 5 550 |
| South Lease area | | | |
| Area mined—m² 000's | 156 | 154 | 442 |
| Tons milled—000's | 803 | 824 | 2 331 |
| Yield—g/t | 10.72 | 10.45 | 10.90 |
| Production—kg | 8 605 | 8 610 | 25 411 |
| Cost—R/m² mined | 213.98 | 195.18 | 200.62 |
| —R/ton milled | 41.57 | 36.48 | 38.04 |
| —R/kg produced | 3 879 | 3 491 | 3 490 |
| Afrikander Lease area | | | |
| Area mined—m² 000's | 3 | 12 | 28 |
| Tons milled 000's | — | — | 21 |
| Yield—g/t | — | — | 0.24 |
| Production—kg | — | — | 5 |
| The Afrikander Lease area is predominantly a uranium producer and its mining and milling costs are included in uranium production costs. | | | |
| **URANIUM OXIDE** | | | |
| Totals for the three Lease areas | | | |
| Tons treated—000's | 2 119 | 2 170 | 6 498 |
| Yield—kg/t | 0.21 | 0.19 | 0.20 |
| Production—kg | 434 060 | 418 800 | 1 303 515 |
| North Lease area | | | |
| Tons treated—000's | 1 266 | 1 223 | 3 796 |
| Yield—kg/t | 0.18 | 0.17 | 0.18 |
| Production—kg | 227 672 | 211 782 | 684 555 |
| South Lease area | | | |
| Tons treated—000's | 854 | 947 | 2 682 |
| Yield—kg/t | 0.24 | 0.22 | 0.23 |
| Production—kg | 206 388 | 207 018 | 612 505 |
| Afrikander Lease area | | | |
| Tons treated—000's | — | — | 20 |
| Yield—kg/t | — | — | 0.32 |
| Production—kg | — | — | 6 446 |
| **PRICE RECEIVED ON GOLD SALES** | | | |
| Total | | | |
| —R/kg | 12 740 | 13 077 | 12 847 |
| —$/oz | 422 | 484 | 470 |
| **FINANCIAL RESULTS** | R000 | R000 | R000 |
| Total | | | |
| Gold—revenue | 245 449 | 252 217 | 722 159 |
| —costs | 96 176 | 84 007 | 260 143 |
| —profit | 149 273 | 168 210 | 462 016 |
| Uranium oxide profit | 8 775 | 9 319 | 21 662 |
| Acid profit (loss) | (35) | 19 | — |
| Tribute profits | 8 070 | 5 870 | 19 287 |
| Net sundry income | 4 823 | 2 841 | 11 350 |
| Dividend from Southvaal Holdings Limited—interim declared July 1981 | — | 10 400 | 10 400 |
| | 170 906 | 196 459 | 524 715 |
| Deduct: | | | |
| Royalties to: | | | |
| Southvaal Holdings Limited | 39 804 | 41 130 | 120 086 |
| The Afrikander Lease Limited | 13 | 12 | 38 |
| Profit before taxation and State's share of profit | 131 089 | 155 317 | 404 591 |
| Provision for taxation and State's share of profit | 55 103 | 65 331 | 174 964 |
| Profit after taxation and State's share of profit | 75 986 | 89 986 | 229 627 |

## VAAL REEFS—*continued*

| | Quarter ended Sept. 1981 | Quarter end June 1981 | 9 months ended Sept. 1981 |
|---|---|---|---|
| Deduct: | R000 | R000 | R000 |
| Appropriation for the first six months: | | | |
| Capital expenditure (after taking account of consumer loans) | | | 57 420 |
| Dividend—interim | | | 85 500 |
| Retained profit for the nine months | | | 86 707 |
| Capital expenditure | 31 335 | 31 869 | 89 734 |
| Consolidated profit | | | |
| Consolidated profit, after providing for taxation and State's share of profit, of the company and its wholly-owned subsidiary Western Reefs Exploration and Development Company Limited | 75 910 | 90 245 | 229 890 |
| North Lease area | | | |
| Gold—revenue | 134 114 | 140 157 | 397 506 |
| —costs | 62 795 | 53 950 | 171 384 |
| —profit | 71 319 | 86 207 | 226 122 |
| Uranium oxide profit | 4 843 | 5 295 | 12 426 |
| Acid profit (loss) | (35) | 19 | — |
| Tribute profit | 3 359 | 2 743 | 9 432 |
| | 79 486 | 94 264 | 247 980 |
| Capital expenditure | 11 287 | 8 443 | 30 357 |
| Gold—revenue | 111 335 | 112 060 | 324 572 |
| —costs | 33 381 | 30 057 | 88 676 |
| —profit | 77 954 | 82 003 | 235 896 |
| Uranium oxide profit | 4 860 | 5 043 | 12 020 |
| Tribute profit | 4 711 | 3 127 | 9 855 |
| | 87 525 | 90 173 | 257 771 |
| Deduct: | | | |
| Capital expenditure excluding new South uranium plant | 13 738 | 12 797 | 35 179 |
| Repayment of loan and interest to Southvaal Holdings Limited | 243 | 243 | 729 |
| Repayment of consumer loan | 1 175 | 2 350 | 3 525 |
| Surplus subject to royalty | 72 369 | 74 783 | 218 338 |
| Royalty to Southvaal Holdings Limited (55% of surplus) | 39 804 | 41 130 | 120 086 |
| Capital expenditure | 13 738 | 15 805 | 39 474 |
| Afrikander Lease area | | | |
| Gold—revenue | — | — | 81 |
| —costs | — | — | 83 |
| —loss | — | — | 2 |
| Uranium oxide loss | 928 | 1 019 | 2 784 |
| | 928 | 1 019 | 2 786 |
| Royalty to The Afrikander Lease Limited | 13 | 12 | 38 |
| Capital expenditure | 6 310 | 7 621 | 19 903 |

Note: Operations in the Afrikander Lease area resulted in a loss for the quarter and consequently provision has been made for one quarter of the minimum annual royalty of R50 000. The royalty is only payable when the results of operations for the full year have been determined.

**SHAFT SINKING** (South Lease area)

| | Quarter ended Sept. 1981 | Quarter ended June 1981 | Nine months ended Sept. 1981 |
|---|---|---|---|
| No. 9 main shaft | | | |
| Advance—metres | 1 | 18 | 187 |
| Depth to date—metres | 2 342 | 2 341 | 2 342 |
| Station cutting—metres | 64 | 259 | 498 |
| No. 9 ventilation shaft | | | |
| Advance—metres | 143 | 182 | 528 |
| Depth to date—metres | 2 128 | 1 985 | 2 128 |
| Station cutting—metres | 442 | 407 | 1 151 |
| (Afrikander Lease area) | | | |
| No. 1 incline shaft | | | |
| Advance—metres (shaft deepening) | 50 | 55 | 110 |
| Depth to date—metres | 792 | 742 | 792 |

**DEVELOPMENT**

North Lease area

| | Advance metres | Sampled metres | channel width cm | gold g/t | gold cm.g/t | uranium kg/t | uranium cm.kg/t |
|---|---|---|---|---|---|---|---|
| Vaal reef | | | | | | | |
| SHAFT AREA | | | | | | | |
| No. 1 | 1 998 | 88 | 18.2 | 87.53 | 1 593 | 3.62 | 65.95 |
| No. 2 | 7 820 | 710 | 80.3 | 26.18 | 2 102 | 0.58 | 46 22 |
| No. 3 | 2 583 | 144 | 11.1 | 139.64 | 1 550 | 3.52 | 39.08 |
| No. 4 | 3 623 | 498 | 15.5 | 61.29 | 950 | 2.38 | 36.90 |
| No. 5 | 4 579 | 670 | 38.1 | 51.13 | 1 948 | 1.50 | 57.05 |
| Quarter ended September 1981 | 20 603 | 2 110 | 44.3 | 38.87 | 1 722 | 1.08 | 47.80 |
| Quarter ended June 1981 | 19 241 | 1 736 | 46.5 | 40.86 | 1 900 | 1.11 | 51.64 |
| Nine months ended September 1981 | 58 050 | 5 860 | 41.5 | 44.75 | 1 857 | 1.18 | 48.77 |
| V.C.R. | | | | | | | |
| SHAFT AREA NO. 5 | | | | | | | |
| Quarter ended September 1981 | 502 | 74 | 57.9 | 6.75 | 391 | 0.08 | 4.56 |
| Quarter ended June 1981 | 289 | 32 | 259.8 | 1.34 | 347 | 0.04 | 10.18 |
| Nine months ended September 1981 | 802 | 106 | 118.8 | 3.17 | 377 | 0.05 | 6.26 |
| Area under tribute to and developed by Hartebeestfontein Gold Mining Company Limited (not included in totals) | | | | | | | |
| Vaal reef | | | | | | | |
| Quarter ended September 1981 | 1 219 | 202 | 88.4 | 42 88 | 3 791 | 0.39 | 34.65 |
| Quarter ended June 1981 | 1 274 | 372 | 98.2 | 25.48 | 2 503 | 0.36 | 34.97 |
| Nine months ended September 1981 | 3 678 | 866 | 95.5 | 26.35 | 2 516 | 0.37 | 35.36 |
| South Lease area | | | | | | | |
| Vaal reef | | | | | | | |
| SHAFT AREA | | | | | | | |
| No. 1* | 1 517 | 236 | 22.3 | 57.40 | 1 280 | 2.41 | 53.65 |
| No. 2* | 88 | — | — | — | — | — | — |
| No. 3* | 1 189 | 44 | 9.0 | 78.00 | 702 | 3.14 | 28.26 |
| No. 8 | 8 660 | 850 | 118.2 | 20.60 | 2 435 | 0.65 | 76.63 |
| Quarter ended September 1981 | 11 454 | 1 130 | 93.9 | 22.64 | 2 126 | 0.74 | 69.95 |
| Quarter ended June 1981 | 11 840 | 1 378 | 72.5 | 33.39 | 2 421 | 1.14 | 82.92 |
| Nine months ended September 1981 | 36 044 | 3 666 | 88.5 | 25.81 | 2 284 | 0.87 | 76.97 |
| "C" reef | | | | | | | |
| SHAFT AREA NO. 8 | | | | | | | |
| Quarter ended September 1981 | 287 | 68 | 16.1 | 213.04 | 3 430 | 5.89 | 94.81 |
| Quarter ended June 1981 | 189 | 72 | 30.8 | 42.31 | 1 303 | 1.67 | 51.36 |
| Nine months ended September 1981 | 522 | 140 | 23.7 | 98.57 | 2 336 | 3.06 | 72.47 |
| Area under tribute to and developed by Buffelsfontein Gold Mining Company Limited (not included in totals) | | | | | | | |
| Vaal reef | | | | | | | |
| Quarter ended September 1981 | 2 155 | 378 | 139.2 | 11.20 | 1 559 | 0.32 | 44.23 |
| Quarter ended June 1981 | 2 402 | 249 | 132.4 | 14.06 | 1 861 | 0.53 | 70.32 |
| Nine months ended September 1981 | 7 237 | 855 | 130.1 | 12.87 | 1 675 | 0.43 | 55.39 |
| * Development carried out in South Lease area from North Lease area shafts. | | | | | | | |
| Afrikander Lease area | | | | | | | |
| Dominion reef | | | | | | | |
| Quarter ended September 1981 | 1 078 | 206 | 61.7 | 1.83 | 112 | 1.64 | 101.31 |
| Quarter ended June 1981 | 1 285 | 302 | 74.3 | 1.17 | 87 | 0.82 | 61.10 |
| Nine months ended September 1981 | 4 303 | 854 | 69.0 | 1.46 | 101 | 1.03 | 71.31 |
| Totals | | | | | | | |
| Vaal reef (excluding tribute areas) | | | | | | | |
| Quarter ended September 1981 | 32 057 | 3 240 | 61.6 | 30.24 | 1 863 | 0.90 | 55.52 |
| Quarter ended June 1981 | 31 081 | 3 114 | 58.0 | 36.72 | 2 130 | 1.13 | 65.48 |
| Nine months ended September 1981 | 94 094 | 9 526 | 59.6 | 33.91 | 2 021 | 1.00 | 59.62 |

**DIVIDEND**

The interim dividend of 450 cents a share in respect of the current financial year which ends on December 31 1981 was declared on July 23 1981, payable to members registered on August 7 1981 and was paid on September 11 1981.

**CAPITAL EXPENDITURE COMMITMENTS**

Orders placed and outstanding on capital contracts as at September 30 1981 totalled R48 642 000.

**PRODUCTION FROM THE AFRIKANDER LEASE AREA**

Since the beginning of April 1981 the tonnage mined from The Afrikander Lease area has been stockpiled in anticipation of the proposed commissioning of the 50 000 tons per month uranium plant in the second quarter of 1982. Mining was stopped during the quarter when sufficient ore for commissioning had been stockpiled.

Commissioning of the gold plant commenced in October 1981 and, as previously reported, the plant will be utilised initially for the treatment of Ventersdorp Contact reef ore originating from Vaal Reef's Nos. 6 and 7 shafts.

**UNDERGROUND FIRE**

On September 30 a fire broke out on the 73 level at No. 8 shaft in the South Lease area. The fire was sealed off on October 4 and loss of production is expected to be minimal.

For and on behalf of the board
D. A. ETHERIDGE, W. R. LAWRIE } Directors

October 23 1981

**ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED**

NOTE

DEVELOPMENT

Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

*The Orange Free State Group's results appear on another page in this newspaper.*

*Copies of these reports will be available on request from the offices of the Transfer Secretaries.*

*Charter Consolidated P.L.C., P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.*

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

# Technicians urgently required

BY ANTHONY MORETON

IN A large room over a supermarket in a superb of Leeds Kelvin Cook is learning a new trade. He is 29, a metallurgist and for the past 16 years, ever since leaving school, he has worked at the Appleby Frodingham plant of the British Steel Corporation in Scunthorpe.

Now he is unemployed. The steel works in the town have had to shed 8,000 people and he is one of the casualties. But in his case the prospects of finding work in a completely different field are very good.

Furthermore, the prospect is that he will, in his new life, get a lot more money. The minus factor is that he will almost certainly have to leave Scunthorpe, though this is something he has talked over with his wife and is prepared to accept.

With 45 other redundant steelworkers, two from Teesside and the rest, like him, from Scunthorpe, he is training to become an ultrasonic technician in Leeds. The training course, being run by P. B. Whitford (UK) is being paid for by a grant from the Common Market.

Ultrasonic testing is, for the layman, the process of testing a product—a steel plate, an oil or gas pipe—without destroying it. It is also called non-destructive testing, or NDT. By sending a series of sound waves electronically through a plate or pipe it is possible to analyse the product for purity in graph form from the length of the waves. This form of testing is particularly valuable in welds.

The Germans were probably the first into this field and are still strongly entrenched. The Americans are also very good at automated systems. But Britain probably has the lead in hand-held scanning techniques.

Because hand-held machines are relatively cheap and easy to use there is an increasing demand for technicians to operate them. The proof can be found in papers like the Sun and the Daily Mirror which most days carry advertisements for welding inspectors or ultrasonic personnel.

There is a shortage of these people around the world and the advertisements frequently state "urgently required" or "immediate requirement."

Kelvin Cook is coming towards the end of his 33-week course in Leeds. He and his fellow redundant steelworkers are on one of the several training courses dealing with new technologies being carried out by Whitford, which specialises in instruction in non-destructive testing.


Mr Barrie Whitford, who founded the training company just over a decade ago, firmly believes that Britain is not putting sufficient effort into teaching people new skills in growing sectors of industry.

"It is all very well pouring millions of pounds into capital intensive projects in the assisted areas in the form of regional grants," he says, "but it will not do nearly so much good as helping men displaced from our declining industries, such as steel, coal and shipbuilding, as training them for a new job. Especially a new job in an expanding area.

"A little money spent this way by the Government could produce far more return for the country than all the millions that have gone into the chemical business on Teesside or steel in South Wales."

Mr Whitford himself started life as a mechanical engineer and worked for a time in both the engineering and nuclear power industries before branching into training. He believes he was one of the first to set up ultrasonic training schemes in this country.

The ex-steelmen are only one part of his business. Most of those coming through his courses are getting some theoretical training to go with their practical experience and are on much shorter courses.

The main qualification they work for is the Certification Scheme for Weldment Inspection Personnel which is administered by the Welding Institute at Cambridge. Whitford's courses can last for a week or for up to four weeks and the object is not so much to turn out the instant NDT operator as to give training which will take the worker to a level of proficiency. The operator is then expected to go back to the field for practical experience and then return to Whitford for further training, gradually working up to Category 3.6 level, which is an overall ultrasonic certificate and the top qualification the tester can get.

Whitford over the decade has trained some 5,000 people, a large number of them from abroad. The demand for these people is so great that there are now probably no more than 600 fully trained CSWIP personnel actually handling non-destructive equipment. The rest of those who have been through Whitford's hands will have gone on to higher things in management. Those on the courses pay £132 a week (plus VAT) and the large majority come privately, though the company is training for between 60 and 70 companies.

For a long time the training side of Whitford was running with half-full classes but last year it suddenly took off and now Barrie Whitford is looking for other directions in which to diversify.

The most obvious is into video and he has equipped a studio in his school to produce training films (he is also filming all Leeds United's matches with a view to producing one film for the club at the end of the season).

Other areas that he is developing are word processors, and computers. "It is up to us in industry to identify the growth areas," he says, "and get the Government to back them. If we do not the country will miss out on a marvellous opportunity to prepare for the future."

# Fifty Dollars More may oblige

## RACING

BY DOMINIC WIGAN

HICKLETON BREW did the trick for Fred Winter and his in-form jockey John Francome in last year's Lambert and Butler Premier 'Chase Qualifier at Newbury and I hope to see their Fifty Dollars More oblige this time.

A smart hurdler in his first season over hurdles, Fifty Dollars More met his only defeat in the Waterford Crystal Supreme Novices' Hurdle at Cheltenham where he ran the race of his life.

Opposed by more experienced rivals, Hartstown, and Another Story, Fifty Dollars More justified his position as the best backed of the home contingent in beating all but Hartstown.

Despite being handicapped by pulling too hard for his head, in a slowly run race Fifty Dollars More nearly succeeded in adding to a hat-trick. He might have won but for losing momentum when squeezed for room on the turn into the home straight.

A powerfully made son of successful jumping sire Deep Run, Fifty Dollars More could take high rank amongst the first season chasers. He is a half brother to Floating Pound, whose efforts over the bigger obstacles following a successful spell over hurdles included wins in the Heinz and the Embassy Premier Finals.

Fifty Dollars More, it is his first appearance over fences, is taken to win at the chief expense of a Gold Cup prospect in last season's Sun Alliance Chase winner, Lesley Ann.

Half an hour after the big chase it will be Dick Hern's turn to win a race he lifted a year ago. The West Ilsley trainer relies on twice raced Tikaki in the Rochford Thompson Newbury Stakes won a year ago by Boathouse.

Tikaki may have been in need of her fourth place run in Ayr's Troon Stakes following a respectable effort at Sandown. She will be hard to keep out of the frame at attractive odds.

Also in the jumping world, Mecca has issued lists of odds on the Waterford Crystal Champion Hurdle, and the Tote Supported Cheltenham Gold Cup. Daring Run and Sea Pigeon, for the first named event, 9-2. Only 5-2 is offered against Little Owl repeating his smooth Gold Cup win of seven months ago—followed by Night Nurse 6-1 and Royal Bond and Silver Buck both 8-1.

NEWBURY
2.00—Hollow Laugh**
2.30—Fifty Dollars More***
3.00—Tikaki
3.30—Grey Mate
4.00—Fort Garry
4.30—Rose of Raby

DONCASTER
2.00—Kifissia
3.00—My Dear Fellow
3.30—Padski
4.00—Yard Bird*

# TELEVISION

## Chris Dunkley: Tonight's Choice

Main event of the evening is the third annual Bronowski Memorial Lecture on BBC-2 which, after the BBC's fiasco ("cockup" was actually the term used by BBC M/D Alasdair Milne) over unilateralist E. P. Thompson not giving the Dimbleby Lecture, is to be delivered by Dr Nicholas Humphrey. I have a special interest since Humphrey and I were both arrested 21 years ago for civil disobedience in pursuit of unilateralism.

Now assistant director of the Department Of Animal Behaviour at Cambridge, Humphrey calls his lecture "Four Minutes To Midnight" and uses it to identify four major psychological mechanisms underpinning our apathy on the subject of nuclear weapons today. First incomprehension: is it possible that a few pounds of material can kill hundreds of thousands of people in an instant? Perhaps we don't believe it and so deny the existence of the threat. Next embarrassment: we find the notion that these weapons are killers on a scale comparable with the Nazi atrocities embarrassing and therefore don't talk about them. Third helplessness: we feel we cannot do anything about nuclear weapons and when people believe themselves helpess they become helpless. And fourth "the Strangelove syndrome": we actually become attached to such engines of destruction, mesmerised like rabbits in a headlight. After all that he finds an optimistic note to end on.

### BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London); London and South-East only: Financial Report and News Headlines. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.02 For Schools, Colleges. 3.00 Tennis: 1981 Daihatsu Challenge. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 The New Shmoo. 4.50 Crackerjack. 5.35 Willo the Wisp.

5.40 Evening News.
6.00 Nationwide (London and South-East only).
6.22 Nationwide.
7.00 It's a Knockout.
8.15 Rosie.
8.45 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 On the Town (London and South-East).
10.45 News Headlines.
10.50 The Late Film: "Where It's At," starring David Janssen.

BBC 1 VARIATIONS: Cymru/Wales—12.57-1.00 pm News of Wales. 1.45-2.00 Bys A Bawd. 2.35-3.00 ‡ Ysgolion. 4.50 Screen Test. 5.15-5.40 Gari Gylifer. 6.00-6.22 Wales Today. 7.00 Heddiw. 7.15 India. 7.45-8.15 Grace Kennedy. 10.15 Week In Week Out. 11.05 News of Wales Headlines. 11.06-12.52 am Festival of Welsh Films: "Only Two Can Play," starring Peter Sellers.

### BBC 2

11.00 am Play School.
2.15 pm Racing from Newbury.
4.15 Tennis: 1981 Daihatsu Challenge.
4.50 Open University.
6.55 Something Else.
7.40 News Summary.
7.45 Gardeners' World.
8.10 The Bronowski Memorial Lecture.
9.00 Last of the Summer Repeats.
9.25 Prisoners of Conscience.
10.15 Lulu in concert.
10.45 Newsnight.
11.30 Tennis highlights.

### LONDON

9.35 am Schools Programmes. 12.00 The Learning Tree. 12.10 pm Once Upon a Time. 12.30 Women Rule OK! 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Taff Acre. 2.00 After Noon Plus with Elaine Grand and Simon Reed. †2.45 Friday Matinee: Mark Wynter in "Just For Fun." 4.15 Chow Hound. 4.20 Storybook International. 4.45 Spectrum. 5.15 White Light: "Race and Prejudice" presented by James Maw with Linx and Ian Dury.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.30 Thames Sport: Derek Thompson and Susan King join with Allan Taylor and Simon Reed to reflect the capital's sporting scene.
7.00 The Amazing Spiderman.
8.00 Bruce Forsyth's Play Your Cards Right.
8.30 That's My Boy.
9.00 Strangers.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.35 Thriller: "Murder In Mind," starring Richard Johnson.
12.45 am Close: Personal Choice with David Steel.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

### ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 2.25 Friday Film Matinee: "Daring Game," starring Lloyd Bridges. 5.15 End of Part One. 6.00 About Anglia. 10.30 Side By Side By Swinfield. 11.00 Anglia Late News. 11.05 Members Only. †11.35 Friday Late Film: "Retreat, Hell!" starring Frank Lovejoy and Richard Carlson. 1.20 am Window on the World.

### ATV

1.20 pm ATV News. 2.45 Movie Matinee: "The Family Kovack." 4.10 Windows. 4.45 Spectrum. 5.15 Diff'rent Strokes. 6.00 ATV Today including ATV Sport. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 Thriller: "Colour Him Dead," starring Gayle Hunnicutt.

### BORDER

1.20 pm Border News. †2.45 Matinee: "A Woman Of Paris," starring Edna Purviance and Adolphe Menjou. 5.15 Bygones. 6.00 Lookaround Friday. 6.30 That's Hollywood. 10.30 Issue. 11.00 Soap. 11.30 Border News Summary.

### GRAMPIAN

9.30 am First Thing. 1.20 pm North News. †2.45 Friday Matinee: "Broken Journey," starring Phyllis Calvert and Guy Rolfe. 5.15 Happy Days. 6.00 North Tonight. 10.30 The Air UK—Holiday Inn (Dyce) Amateur Boxing International. 11.30 Tenspeed and Brown Shoe. 12.25 am North Headlines.

### GRANADA

11.50 am The Bubbles. 1.20 pm Granada Reports. 2.45 Friday Matinee: "The Happiest Days Of Your Life." 5.15 Survival. 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 Soap. 11.30 The Alf Garnett Saga.

### HTV

1.20 pm HTV News. 2.45 Cartoon Time. 2.50 "Mat Helm," starring Tony Franciosa. 5.15 Bless Me, Father. 6.00 Report West. 6.30 Survival. 10.28 HTV News. 10.30 Report Extra. 11.00 "The Glass House," starring Alan Alda.

HTV Cymru/Wales—As HTV West except: 10.48-11.03 am Y Byd A'i Bethau. 11.34-11.49 About Wales. 12.00-12.10 pm Fflaisbalam. 1.30-2.00 Under Manning. 4.15-4.45 Lawr Yr Afon Tana. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-11.00 Outlook.

### SCOTTISH

1.20 pm News and Road and Weather. 2.45 Friday Matinee: "Future Cop," starring Ernest Borgnine. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. 11.00 That's Hollywood. 11.30 International Boxing: Scotland v Holland. 12.25 am Late Call.

### SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 "SS. Casino," starring Mike Cotton. 5.15 Here's Boomer. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Out of Town. 10.35 Wheels at Motofair. 11.20 "Kid Blue," starring Dennis Hopper.

### TYNE TEES

9.25 am The Good Word. 9.30 North-East News. 1.20 pm North-East News and Lookaround. 2.45 Friday Matinee: "The Viking Queen," starring Don Murray. 4.15 Cartoon Time. 5.15 Mickey, Donald and Friends. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 10.32 "Sky Riders," starring James Coburn and Susannah York. 12.15 am Country Rhapsody. 12.30 The Week of Prayer for World Peace.

### ULSTER

1.20 pm Lunchtime. †2.45 Friday Matinee: "A Woman Of Paris," starring Edna Purviance and Adolphe Menjou. 4.13 Ulster News. 5.15 Survival. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Lou Grant. 11.30 Bedtime.

### WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Friday Matinee: "They Might Be Giants," starring George C. Scott and Joanne Woodward. 5.15 Mork and Mindy. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 Soap. †11.05 Friday Late Night Movie: "Judgment Deferred," starring Hugh Sinclair. 12.40 am Faith For Life. 12.45 West Country Weather and Shipping Forecast.

### YORKSHIRE

1.20 pm Calendar News. †2.45 Friday Film Matinee: "Here Come The Huggets," starring Jack Warner, Kathleen Harrison, Petula Clark, Jimmy Hanley and Diana Dors. 5.15 Here's Boomer. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 10.30 Soap. 11.00 The Friday Night Film: "Sunflower."

# RADIO

(S) Stereophonic broadcast
‡ Medium Wave

### RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 "Beau" Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

### RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 Jim MacLeod and his Band (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 Doddy's Different Show with Ken Dodd. 10.30 The Bing Crosby Show. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 Two's Company (S).

### RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Rachmaninov (S). 10.00 English Sacred Music (S). 11.40 Schumann recital (S). 12.15 pm Midday Concert from Henry Wood Hall, Glasgow: part 1 (S). 1.00 News. 1.05 Interlude. 1.20 Midday Concert: part 2 (S). 2.05 Piano Duo (S). 3.05 Graham Whettam: "Sinfonia Intrepida" (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Malcolm Arnold Guitar Concerto, Op 67 (S). 7.30 The Price of Victory. 8.30 Mozart recital (S). 9.00 "Death At Midday": Drama for Yukio Mushima (S). 9.45 Music in Our Time (S). 11.00 News. 11.05-11.15 Sibelius (S).

VHF only—Open University: 11.15-11.55 pm.

### RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 A Sideways Look at . . . by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Prisoner of War. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Senior Partner. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.05 Poetry Please! (S). 4.15 Hazardous Waste. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon with recordings from the BBC Sound Archives. 12.00 News.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 15½% | ■ Guinness Mahon | 15½% |
| Allied Irish Bank | 15½% | ■ Hambros Bank | 15½% |
| American Express Bk. | 15½% | Heritable & Gen. Trust | 15½% |
| Amro Bank | 15½% | ■ Hill Samuel | §15½% |
| Henry Ansbacher | 15½% | C. Hoare & Co. | †15½% |
| ■ Arbuthnot Latham | 15½% | Hongkong & Shanghai | 15½% |
| Associates Cap. Corp. | 16 % | Knowsley & Co. Ltd. | 16½% |
| Banco de Bilbao | 15½% | Langris Trust Ltd. | 16 % |
| BCCI | 16 % | Lloyds Bank | 15½% |
| Bank of Cyprus | 15½% | Mallinhall Limited | 15½% |
| Bank of N.S.W. | 16 % | Edward Manson & Co. | 17 % |
| Banque Belge Ltd. | 16 % | Midland Bank | 15½% |
| Banque du Rhone et de la Tamise S.A. | 16 % | ■ Samuel Montagu | 15½% |
| Barclays Bank | 15½% | ■ Morgan Grenfell | 16 % |
| Beneficial Trust Ltd. | 17 % | National Westminster | 15½% |
| Bremar Holdings Ltd. | 16½% | Norwich General Trust | 15½% |
| Bristol & West Invest. | 17 % | P. S. Refson & Co. | 15½% |
| Brit. Bank of Mid. East | 15½% | Slavenburg's Bank | 15½% |
| ■ Brown Shipley | 16 % | E. S. Schwab | 16 % |
| Canada Perm't Trust | 16 % | Standard Chartered | ‖15½% |
| Cayzer Ltd. | 16 % | Trade Dev. Bank | 15½% |
| Cedar Holdings | 16 % | Trustee Savings Bank | 15 % |
| ■ Charterhouse Japhet | 16 % | TCB Ltd. | 15½% |
| Choulartons | 16 % | United Bank of Kuwait | 15½% |
| Citibank Savings | ¶15 % | Whiteaway Laidlaw | 16 % |
| Clydesdale Bank | 15½% | Williams & Glyn's | 15½% |
| C. E. Coates | 16 % | Wintrust Secs. Ltd. | 15½% |
| Consolidated Credits | 16 % | Yorkshire Bank | 15½% |
| Co-operative Bank | *15½% | | |
| Corinthian Secs. | 15½% | | |
| The Cyprus Popular Bk. | 15½% | | |
| Duncan Lawrie | 15½% | | |
| Eagil Trust | 15½% | | |
| E. T. Trust Limited | 16 % | | |
| First Nat. Fin. Corp. | 17 % | | |
| First Nat. Secs. Ltd. | 17 % | | |
| Robert Fraser | 16 % | | |
| Antony Gibbs | 15½% | | |
| Grindlays Bank | ‡15½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month 14.25%. Short term £8,000/12 months 16.60%.
† 7-day deposits on sums of £10,000 and under 13½%, up to £50,000 14%, and over £50,000 14½%.
‡ Call deposits £1,000 and over 13½%.
§ Demand deposits 14%.
‖ 21-day deposits over £1,000 15%.
¶ Mortgage base rate.

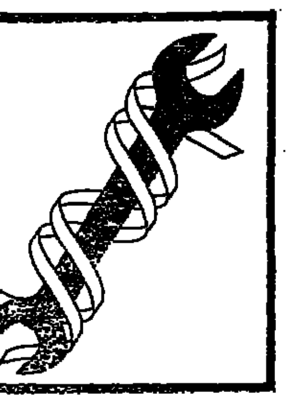
# TECHNOLOGY

EDITED BY ALAN CANE



# Biogen finds it easy to raise money in Europe

**IN this third of his series of articles on biotechnology, DAVID FISHLOCK, SCIENCE EDITOR, looks at Biogen. Next Friday he reports on Exxon.**



BIOGEN has been congratulating itself on the ease with which it can now raise money in Europe. It was not always so.

Earlier this week Biogen raised more than £10m from institutional investors in London and elsewhere, in support of an ambitious research programme in biotechnology.

In March, Grand Metropolitan became a corporate investor for about £5m. Created only in 1978, the company expects to spend about £6m this year—three-quarters of it on research—and about twice as much next year, according to Dr Walter Gilbert, its chairman.

Walter Gilbert, a Nobel prize-winning molecular biologist for his work on cancer, was one of the founders of a biotechnology company born of discussions between venture capitalists—who had the idea—and scientists. From the outset their plan was to set up in Europe. The only thing missing in the late 1970s was any discernible enthusiasm *in Europe to finance such a venture.*

Venture capitalists and the scientists they attracted were convinced that a host of new products and processes would emerge from genetic engineering. The difference between Biogen and its competitors "is that our board of scientists is intimately connected with the management of the company and has been from the beginning," Dr Gilbert says.

From the start they looked to their corporate shareholders not just for the cash but for knowledge of specific markets deemed specially promising for the new technology.

Ironically, the first was Inco, the Canadian mining group, which came in because it was trying to diversify an activity *too heavily dependent upon* nickel.

Biogen's other three corporate shareholders are Schering-Plough (pharmaceuticals), Monsanto (chemicals, plastics) and—in March this year—Grand Metropolitan (food and drink). As far as market expertise goes, executives say it now has what it wants with the possible exception of process plant.

Thus, Biogen is a partnership between, on the one hand, four non-competing corporate investors for whom it "opens a more intimate window on the technology," and an international team of scientists drawn from the U.S., Britain, West Germany, Switzerland and elsewhere.

Most of these scientists are managing research right at the frontiers of the technology, either in universities or at the two laboratories, set up in Geneva last year and now in Cambridge, Mass. In effect, Biogen has created a "mini-academy" in biotechnology which meets frequently (usually at weekends) to exchange research results in one of the fastest-moving fields of science.

"We've funded a perpetual conference," Dr Robin Nicholson, managing director of Inco Europe, says. As co-chairman of Biogen, Dr Nicholson has played a major part in Biogen's rapid growth, and in turn Biogen has been reimbursing Inco for 20 per cent of his time.

To some extent all of the corporate investors are pursuing some research of their own in new technology. But they all agree that the big advances are going to come from the universities.

The universities are inventing the new tools of biotechnology. Biogen's job is to pick up those tools and show how its corporate investors can use them commercially. Only one academic scientist—a Frenchman — approached so far by Biogen has been refused permission by his institution to associate himself with Biogen's scientific board.

For the scientist himself, the association affords an opportunity to participate much more intimately in the management of Biogen than if he were just a consultant to, say, Monsanto, Dr Nicholson claims.

He himself has just precipitated a change in Biogen's management, however. He leaves Inco next month on a three-year secondment as chief scientific adviser to the British Government, and must, therefore, resign all his directorships.

Biogen's current position on interferon—the research *for* which it is most famous—is one result of those early university contracts. Last month Schering-Plough announced that it had started clinical trials on cancer patients with human leukocyte interferon produced by bacteria.

Schering-Plough, which has its own research programme and also funds research contracts with Biogen, has negotiated exclusive worldwide marketing and manufacturing rights to the new source of interferon.

Where Biogen may be more sanguine than the chemical industry is about prospects for much faster processing, and for smaller plants. There is enthusiastic talk of organisms resistant to heat that will not need energy to keep them cool enough; of organisms that breed so fast they need worry much less about steriliy and "infections" destroying the product; about very high-value products produced from plants no bigger than a pilot-plant today.

To give point to these claims, Robert Cawthorn says he is seeking a commercial sponsor for a new process for making ethanol (ethyl alcohol) from the stalk and cob of sweetcorn. It uses two different organisms—not genetically engineered microbes but naturals which have been tweaked—to break down the cellulose, first to five- and six-carbon sugars, then to alcohol.

*Hugh Routledge*

Dr Robin Nicholson, Dr Walter Gilbert and Mr Robert Cawthorn of the International Nickel Company

## Biogen research targets include:

| Target | Sponsor |
|---|---|
| Human leukocyte interferon | Schering-Plough (U.S.) |
| Human fibroblast interferon | Schering-Plough (U.S.) |
| Human insulin | Novo (Demark) |
| Animal growth hormones | IMC (U.S.) |
| Hepatitis B vaccine | Green Crass (Japan) |
| Bacterial mining, refining | Inco (Canada) |
| Foot and mouth vaccine | Biogen |
| Malaria and other human vaccines | Biogen |
| Ethanol from biomass | Biogen |

# Base Ten Systems introduces new logger

THE ACTIVITIES of a new data logger from Base Ten Systems (Farnborough Hants 517665) can be easily programmed using screen and keyboard allowing a wide variety of acquisition, recording and control sequences to be set up for different applications.

Designated mDAS/SP, the unit also has a cartridge recorder, capable of file-handling routines, which can be used for both program and data storage.

The machine's built-in intelligence means that it can carry out a wide variety of selective and computing functions on the collected data including alarm reporting, control sequence initiation and the presentation of graphics displays including dynamic mimic diagrams.

Optionally, a printer can be supplied in the same cabinet and the logger is also fitted with a serial data link to feed remote printers or visual display units.

Base Ten says that "there is virtually no limit to the number and type of customer applications that can be developed."

## Boiler steam

WICKHAM Industrial Equipment, Stevenage, Herts (0438 4041) has introduced its "Fury" machine which converts boiler steam to wet steam and injects detergent for cleaning grease and hard packed mud from vehicles, plant and buildings. It can be wall or floor mounted and is available at £760.

# Laboratory accreditation scheme to improve quality of products

BY GEOFFREY CHARLISH

A NEW acronym has appeared on the UK engineering and product testing scene — NATLAS, which stands for National Testing Laboratory Acceditation Scheme.

NATLAS was launched in London yesterday by Mr *Norman Lamont, the Minister* of State for Industry. He described it as "an important step in the Government's strategy to improve the quality and standards of British goods."

The scheme is not concerned with the certification of the products themselves. Instead, the idea is to be able to provide some credence to the claims in manufacturers' sales brochures which often read "independently tested by XYZ laboratories." All too frequently these claims, particularly in the eyes of foreigners, lack meaning since they have no official "muscle."

Now, provided that a laboratory can demonstrate its competence to DoI appointed and paid assessors, it will receive accreditation.

Organisations that already operate similar kinds of schemes will, it is hoped, participate in NATLAS. So far, the Ministry of Defence, the British Standards Institution, the Central Electricity Generating Board, Lloyds Register and the British Ready *Mixed Concrete Association* have agreed to take part.

Those organisations have agreed to recognise the competence of NATLAS and will not, in the normal course of events, duplicate NATLAS assessments.

The scheme will be administered by an executive located at the National Physical Laboratory. Laboratories will have to satisfy certain requirements concerning staff, equipment, general facilities and management.

The NATLAS Executive will not employ assessors on its permanent staff but will obtain them as required from the organisations operating the existing scheme and from other organisations which have staff with the necessary approved qualifications.

# Packet switch interface developed

THE EUROPEAN software group of Digital Equipment Company has developed the company's first packet switch interface for the UK's PSS public switched packet network.

The product is called VAX-11 PSI and is intended for DEC's VAX computers. But there is a continuing programme to provide X25 software for the company's 16, 32 and 36 bit machines.

The object is to allow DEC computer systems to connect to the X25 networks of various countries. The X25 interface has been incorporated into DEC network architecture so that DEC based networks can communicate over both a nation-wide public packet switching network and a private DEC network at the same time.

VAX-11 PSI allows communications between any computer, whether made by DEC or not, provided that the receiving computer has implemented the X25 protocol.

## Power tools

KANGO Wolf Power Tools has added two jig saws to its existing range. One is a two-speed model, the other variable. Both include a 400W motor, a sole-*plate adjustable through* 45 degrees for bevel cutting up to return surfaces. More from 01-998 2911.

# Prodorite bid to beat bus terminal graffiti

NORTHAMPTON'S Greyfrairs bus terminal has taken a large order of Prodorfilm wall coating to be used as an anti-graffiti weapon.

An *area of 4,500 square* metres has been treated on to textured walls resulting in significant cost savings in terms of cleaning materials and labour says the product's maker, Prodorite of Wednesbury (021 556 1821).

As soon as the bus station opened in Easter 1976, vandals *moved in to execute their* unsightly talents. Dual problems of an absorbent surface and textured finish were not combated by usual cleaning methods and materials which only resulted in spreading graffiti into ugly smudges. Also, an excessive amount of time and costs were spent by maintenance staff.

After a trial area with Prodorfilm treatment—and undercoat followed by two roller applied top coats—the whole area underwent total covering.

Since treatment in January 1980 the walls have retained their original appearance and there is strong evidence that the vandals are tiring of seeing their work removed quickly and easily.



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# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Why pressure is building up on the integrated structure of oil majors

BY MARTIN DICKSON

THE RADICAL changes in the international oil market over the past decade, and their traumatic impact on the great multinationals, are still sending ripples of anxious self-analysis through the ranks of oil company managements.

Witness a recent speech by Mr Dirk de Bruyne, the senior group managing director of Royal Dutch/Shell, in which he questioned one of the most fundamental characteristics of the majors: their vertically integrated structure, with oil flowing from company wellheads, into company ships, through company refineries and out through company petrol pumps.

Vertical integration, he told a meeting of oil analysts in London, had been both logical and necessary during the development of the oil industry, given its natural complexity.

"Today, the major oil companies are still seen to operate largely as integrated businesses, consistent with the belief that an efficient linking of the supply and demand chain achieves the best result for customers and shareholders alike, with the inevitable losses in some areas balanced by profits made in others.

"In theory," he went on, "it should still make sense for an industry that is based on the most important internationally traded commodity. In practice, however, certain features of our present environment lead me to believe it may no longer be a tenable approach."

It would be wrong to conclude that de Bruyne is foreshadowing some imminent shake-up in the structure of the Shell group. He is simply voicing an economic argument—albeit one with practical ramifications.

The crux of his case is the familiar oil company complaint that governments of both oil producing and consuming states are interfering too much in the operations of the market.

The oil industry, he says, has evolved from "being a provider of cheap energy to world markets into what can more accurately be described as a major source of tax revenue for governments."

The tax structure varies widely from country to country, reflecting a wide spectrum of political attitudes and economic priorities rather than any commercial logic. The result is "oil prices that are totally unrelated to the cost of the original resource or its transformation and delivery."

de Bruyne concludes: "Given the changed environment in which we now work, it is clear the industry should recognise at least two fundamentally different businesses—with exploration and production not necessarily linked to the refining and distribution of products.

### Muscles

"In terms of logistics, of course, there is certainly an advantage in integration; and there may well be cases where downstream activities still play an important role in securing a particular position upstream. But, for most companies, neither argument is enough any longer to justify an integrated supply chain across international borders; each business must now be justifiable in its own right."

Essentially, de Bruyne is spelling out in large letters the economic writing which has been growing on oil companies' walls since the early 1970s, when the Organisation of Petroleum Exporting Countries began to flex its muscles.

In 1970 the seven largest oil companies owned 61 per cent of the non-communist world's crude production. By 1979 their share had shrunk to 25 per cent, with the governments of producer countries now holding 55 per cent.

Change in the ownership of the crude was accompanied by OPEC dominance over production levels and pricing and even some control over the destination of crude.

These events have delivered body blows to several of the classic economic arguments advanced for vertical integration: greater assurances over the supply, price and quality of a commodity, greater ability to plan forward, and avoidance of the market by cutting out middlemen.

Downstream, the argument that integration can increase value added and thus profits has been undermined by the unprofitable nature of many refinery operations in the wake of the (OPEC - induced) dramatic changes in oil demand.

But if the writing has been on the walls for so long, what is the relevance of de Bruyne's speech now? For one thing, it underlines the particularly difficult time the majors endured in the first half of this year as the oil market adjusted only stickily to a glut of crude.

Upstream, OPEC states held out for far higher prices than were warranted by demand conditions downstream. The oil companies were selling crude in between these two forces. According to de Bruyne, some companies were selling crude in final product form at losses of up to $5 a barrel.

Such a situation cannot last indefinitely and market forces are reasserting themselves, with OPEC prices gradually falling.

But the contradictions of the market have underlined the fact that the integrated multinationals cannot afford to featherbed loss-making subsidiaries.

de Bruyne points to Latin America as an example of the ability of the large oil companies to operate independently in different countries and then only in some sectors of the business. For the past 20 years governments there have used the majors to distribute and in some cases refine products, with no proprietary linkage to the supply end of the chain.

"As more and more countries seek their own particular set of energy solutions, this fragmented approach to the business is likely to become more widespread," he predicts.

"There will still be plenty of big projects that require a multinational's scope and strengths," says de Bruyne. "But there are growing opportunities to use our skills profitably in smaller bits—and it certainly spreads the risk.

"We are in a different world than this industry grew up in, and the profitable survivors will be those companies which have recognised the change and are flexible enough to respond."

The oil majors, it would appear, have lost an empire and are still making the painful psychological adjustment to their changed role.

Dirk de Bruyne: oil prices are "totally unrelated to the cost of the original resource or its transformation and delivery"

## What cash flow analysis says about BL's finances

BY TOM LEE

THE BL saga appears never-ending. Its continuing commercial, financial and human problems would provide the basis for a record-breaking TV soap opera. But, behind the music hall jokes and the constant lemming-like rushes to the cliff edge, lurks the grim financial reality of government or government-secured money being pumped in at an enormous rate.

Surprisingly, therefore, although individual loans, share issues and government promises to BL have been adequately highlighted in the press and elsewhere, very little detailed analysis has been made of its cumulative financial position. The purpose of this article is to present such an analysis on the basis of available published results, and to make one or two comments about the implications of it. The basis of investigation will be the cashflow data of BL, for cash availability and flow must be the name of the game in this particular case.

Cash flow analysis is receiving increasing professional attention and acknowledgment as a useful means of highlighting the financial strengths and weaknesses of companies. By taking the published funds statements of companies, adjusting for working capital and rearranging certain other data, it is possible to produce their financial results on a pure cash basis (free of credit transactions, accruals, and most arbitrary allocations such as depreciation—in other words, merely showing cash flowing in and out of the organisation concerned). The perfectly legitimate and defensible work of the accountant in "smoothing" data to produce profit figures is thus ignored, and the underlying cash reality is revealed.

TABLE 1 — BL LTD. CASH FLOW RESULTS

| | 1974 £m | 1975 £m | 1976 £m | 1977 £m | 1978 £m | 1979 £m | 1980 £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| Sales receipts | 1,603 | 1,805 | 2,835 | 2,557 | 3,031 | 2,940 | 2,991 | 17,762 |
| Less: operating payments | 1,560 | 1,890 | 2,848 | 2,594 | 3,029 | 2,960 | 3,034 | 17,915 |
| | 43 | (85) | (13) | (37) | 2 | (20) | (43) | (153) |
| Less: capital payments | 99 | 84 | 118 | 144 | 226 | 238 | 250 | 1,159 |
| | (56) | (169) | (131) | (181) | (224) | (258) | (293) | (1,312) |
| Less: interest payments | 17 | 38 | 47 | 54 | 56 | 66 | 94 | 372 |
| | (73) | (207) | (178) | (235) | (280) | (324) | (387) | (1,684) |
| Less: tax payments | 7 | 7 | 13 | 13 | 11 | 10 | 5 | 66 |
| | (80) | (214) | (191) | (248) | (291) | (334) | (392) | (1,750) |
| Less: dividend payments | 9 | 3 | — | — | — | — | — | 12 |
| TOTAL CASH DEFICIT | (89) | (217) | (191) | (248) | (291) | (334) | (392) | (1,762) |
| Financed by: | | | | | | | | |
| Share issues | — | — | 198 | — | 444 | 148 | 295 | 1,085 |
| Bank borrowings | 89 | 217 | (7) | 248 | (153) | 186 | 97 | 677 |
| | (89) | (217) | (191) | (248) | (291) | (334) | (392) | (1,762) |
| Historic cost loss after tax and dividends | (24) | (124) | (44) | (52) | (38) | (145) | (536) | (963) |

TABLE—2

| Real cash flow | 1974 £m | 1975 £m | 1976 £m | 1977 £m | 1978 £m | 1979 £m | 1980 £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| Cash flow deficits expressed in 1980 prices ... | (217) | (420) | (327) | (361) | (394) | (391) | (392) | (2.502) |

This approach has been undertaken with BL's financial results for 1974 to 1980 inclusive. The funds statements for the last seven years have been suitably adjusted and rearranged, and Table 1 summarises the cash flow situation. (Although not all the necessary figures are available, the table gives a broad but reasonably accurate approximation of BL's cashflow.)

The upshot of these results is fairly apparent.

(1) Only in two years out of seven has BL produced an operating cash flow surplus to finance capital expenditure, interest payments, etc. (1974 and 1978). In fact, over the seven years it has accumulated a deficit of £153m. Which business would normally have managed to raise capital and borrow when not covering its day-to-day cash expenditure with sales receipts over a period of seven years? Cash flow analysis highlights the harshness of this reality.

(2) BL has contributed no cash to its £1.16bn capital expenditure programme of the past seven years.

(3) The result of point (2) is that BL has an increasingly crippling interest burden—rising from £17m in 1974 to £94m in 1980, and likely to go much higher.

(4) Paradoxically, BL has paid tax of £66m over the past seven years, and the tax planning of its management must be brought into question regarding the siting of its profitable plants.

(5) The overall deficit of £1.76bn over the past seven years has been financed by share issues subscribed by government or borrowings guaranteed by government. This compares with the equivalent accounting-based loss of £963m in total. In other words, cash flow analysis of data is much more critical of BL's financial condition than that which uses conventional accounting figures. When this is coupled with the cash flow of at least £1.14bn which it has projected it will need for 1981 to 1984 inclusive, the total cash deficit over 11 years will have been in the order of £3bn—and this only getting to a break-even point, it hopes, by 1984.

The cash flow position can also be put in better perspective if the above data are described in the same price-level terms—in this case in terms of the prices used in the 1980 financial statements. The undernoted figures represent a rough translation of the total annual cash flow deficits in these price terms.

The results reveal a remarkable consistency in the "real" cash flow deficits—at a staggeringly high level which ought to concern anyone interested in the wisdom or otherwise of allowing BL to survive in its present form.

Of course there are issues just as, if not more, serious than the financial ones in this particular case. And, of course, arguments can be made for supporting BL in this way. However, cash flow analysis provides information with which to aid the proper judgment of these arguments.

For example, do BL's operating cash flow deficits indicate that in the future surpluses from operations will be produced at a sufficiently high level to finance capital expenditure, pay for interest, and repay borrowings? What is meant by "recovery" in terms of BL when the pit it has fallen into is akin to a financial black hole? And would cash flow analysis of other companies and other industries raise the same questions concerning financial common sense?

The niggling doubt is that cash flow analysis is not even being applied in an obvious case such as BL.

*Tom Lee is professor of Accountancy and Finance at the University of Edinburgh.*

## Huge jump in executive unemployment

| | Net unemployed in October 1981 | 1980 | % rise over year |
|---|---|---|---|
| Administrative and other non-production managers | 24,212 | 11,357 | 113.2 |
| Teachers | 23,157 | 12,625 | 83.4 |
| Sales and marketing | 16,687 | 8,351 | 99.8 |
| Engineers and technologists | 8,750 | 3,257 | 168.7 |
| Technical and scientific support staff | 7,825 | 3,241 | 141.4 |
| Production managers | 6,297 | 3,042 | 107.0 |
| Library, art gallery staff | 5,631 | 2,738 | 105.7 |
| Social and health staff | 5,477 | 2,486 | 120.3 |
| Accountants | 4,200 | 1,806 | 132.6 |
| Draughtspeople | 3,743 | 1,190 | 214.5 |
| Data processing staff | 3,307 | 1,033 | 220.1 |
| General managers | 2,792 | 1,499 | 86.3 |
| Purchasing staff | 2,458 | 1,230 | 99.8 |
| Personnel staff | 2,380 | 1,088 | 118.8 |
| Estate agents, etc. | 2,343 | 1,089 | 115.2 |
| All managers and specialists | 130,140 | 61,330 | 112.2 |

UNEMPLOYMENT among experienced managers and specialist staff in Britain more than doubled over the past 12 months, according to the latest count by the State-owned Professional and Executive Recruitment agency.

The count made on October 2 showed a grand total of 185,106 of higher-grade workers registered as unemployed. But 54,966 of these were "new entrants" in the sense that they had not yet had working experience in the managerial or specialist jobs they were seeking.

Net higher-grade unemployment (which is shown in the table together with staff categories with more than 2,000 people out of work) was therefore 130,140—a rise of 112.2 per cent over the year.

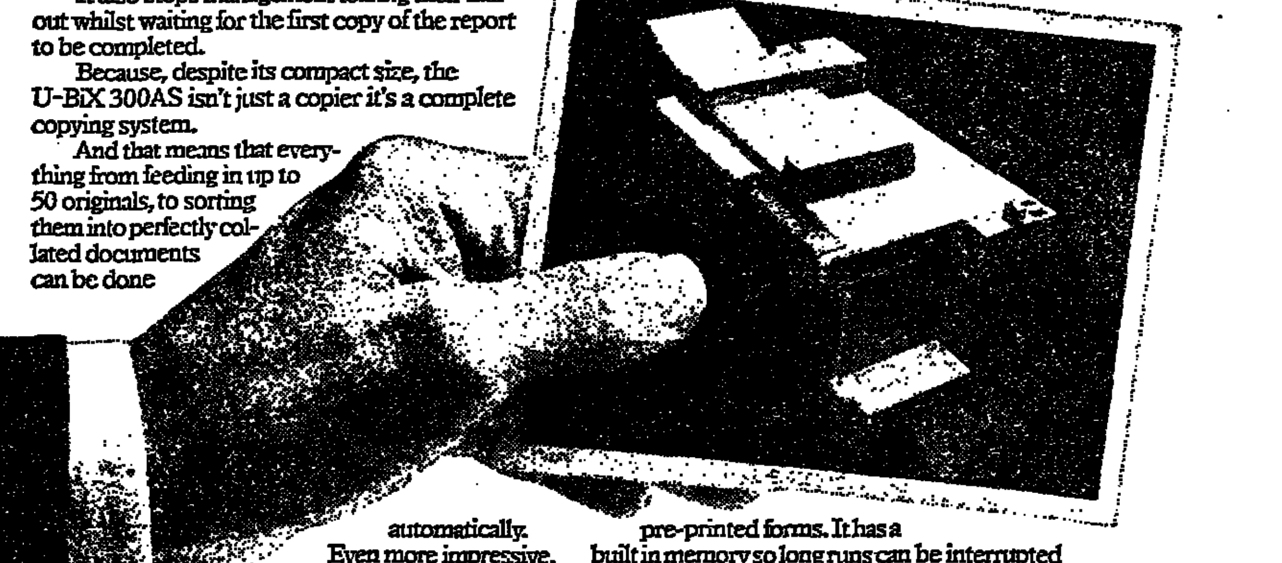
More than two thirds of this increase, however, occurred in the first half of the period.

Between the PER counts on October 2 1980 and on April 23, the total net unemployment grew at a rate of 0.38 per cent a day. Since April the rate has fallen to an average 0.12 per cent a day.

MICHAEL DIXON







# Three selling points for Bristol scheme

THE Espley-Tyas Property Group, the latest vehicle for former Slater Walker property boss Ronald Shuck, has plans for a new £15m Bristol office and residential development in Bristol which has three main selling points:

- location and particularly that within Bristol itself;
- precedent, for Mr Shuck has been there before in a big way; and
- topicality in marketing terms, with high technology office users as the target tenants.

Mr Shuck describes the 2.8 acre site as a "key" one, situated as it is at the junction of the Bristol inner circuit road with the M32 motorway. The development will include 191,000 sq ft of offices and 40 flats.

*He has a strong claim to inside knowledge.* In his former role as chairman of Cornwall Properties—sold to Sir James Goldsmith for £38m in 1979—Shuck in 1972 developed 300,000 sq ft of offices "immediately next door" for Sun Life, which moved out of London into Bristol, funded the development and took occupation of most of it.

Given this precedent, and the new development in prospect, Shuck did not think twice. "I jumped at it," he said yesterday.

*High technology target tenants* have distinct requirements. The major part of the development will comprise about 117,000 sq ft of lettable office space on six storeys, "constructed to a very high specification . . . special attention has been given to the mechanical and electrical element," say letting agents Hartnell, Taylor, Cook.

As for Bristol as a high technology centre, Electricity Supply Nominees funded the much-discussed Aztec science park there, a mammoth development in excess of 200 acres, while the technology-based Hewlett Packard has just gone in for another 100 acres or so.

Espley-Tyas already had around a third of the site freehold, but it has agreed to surrender that to the main freeholder, Bristol City Council, in return for a 125-year ground lease at a ground rent to the City Council geared to 7½ per cent of the rack rent — "a good and fair basis," Shuck reckons.

On rents, he will be looking for £6 a sq ft, against a present Bristol office rent bracket of £4 to £4.50. But these are early days. Shuck has outline planning permission with detailed planning permission expected this month, construction work scheduled to commence in April 1982 and completion expected in April 1984.

Funding is not expected to present a major problem. A 125-year lease may be a drawback for industrial property in depressed areas.

Espley-Tyas, at the bottom line, reckons that it will be providing the type of accommodation normally found only in Central London — but at less than half the cost.

# New twist on 19th hole

THE PRINCIPLE of the planning gain, a concept much beloved of latter-day property philosophers as they muse about the later 1980s, took an intriguing turn this week.

For the London Open Golf and Industrial Mall—a 125-acre site development immediately north of the M4 motorway, and adjacent to the Heston Services station and practically next door to London's Heathrow Airport — the exercise is to pin down who is doing (or getting) what, to whom, for whom and why.

*The basic facts are that clients* of West End chartered surveyors Duncan, Cons and Company, to wit Kyle Stewart (Contractors), have formed a consortium with a certain Allis Thomas for a development incorporating 150,000 sq ft of industrial space which will be located in the middle of a new 18-hole golf course complex the latter having been designed by Peter Allis, of golfing and television fame, which is where Allis Thomas comes in.

This is one environment, obviously, which deserves to be termed unique. The location, in terms of the M4, its access to Central London, the West, the airport and its proximity to what is variously described as the "Golden Triangle" or "England's Silicon Valley," is excellent. But it is simple, if somewhat inverted property arithmetic, which gives the deal its special flavour.

Alastair Duncan of Duncan Cons says that the site was originally owned by the GLC, whose former Tory incumbents sold it in April—"pretty well on election eve"—to Kyel Stewart, for £2.1m, with the benefit of outline planning consent for the golf course, and that 150,000 acres of industrial space on seven acres in the middle.

To be fair, says Duncan, it seems most unlikely that the GLC's new "bogeymen," given their planning performance to date, would have put a block on the deal in any case. In any event, detailed planning consent for the scheme was obtained last week from the London borough of Hounslow, and the industrial *development* is due to start on November 16 next.

U.S. Property: see page 20

Now here comes the arithmetic. At £2.1m the land cost for the whole site works out at £16,800 an acre. Duncan reckons that the industrial land value must work out at close to £400,000 an acre, valuing the seven acres of industrial site at £2.8m—so it could be argued that Kyle Stewart, with Allis *Thomas in the overall development*, are being given £700,000 by the local authority to take away the 118 acres of vacant space and put a golf course on it.

You could call the golf course *a loss leader* to attract the industrial users—and it is no secret that golf courses come high on the local environment scale when an industrialist is thinking of moving shop. But the area surrounding Heston is highly populated, and in planning for a very low club membership fee (for local regulars) and conversely a very expensive *green fee for the* passing trade, Allis reckons he has a potentially profitable proposition even with £800,000 of development costs for the golf course itself to be borne by the consortium.

For the industrial part of the scheme, with building costs about average at some £22 per *sq ft an acre*, Kyle Stewart is talking about an all-in cost of about £6½m. Duncan says that funding has been provisionally agreed with an institution; and that rents for units ranging from 2,850 sq ft to 30,000 sq ft, will be between £3.50 and £4 a sq ft.

Things are being arranged so that the 15 per cent of offices content in the *development* will look out on to the golf course, and that the noisy elements—within an expected ratio to two-thirds industrial premises to one-third of warehousing—will be shunted into the centre.

I am told, incidentally, that Slough Estates were one of a list of about seven or eight who tendered for the site—and that they were not happy about losing it, since they were apparently the first to conceive the development in such unconventional terms. It seems a pity that anybody had to lose, especially when the marriage values axiom for property development is being demonstrated quite so neatly.

# Contrasts in shopping centre locations

CHESTERFIELD Properties, which last year completed the redevelopment of Rugby Town Centre, are the prospective developers selected to partner Sedgemoor *District Council in* its new shopping centre at Bridgewater, which lies between Weston-Super-Mare, 20 miles to the North, and Taunton 11 miles south.

The scheme, which will be known as the Angel Place Shopping Centre, will provide 100,000 sq ft of shopping including a supermarket, variety store, restaurant and some 18 units of varying sizes.

Bridgewater is not exactly virgin territory for the modern retailer—Boots, Sainsburys and Marks and Spencer figure among the names serving an estimated catchement area of between 60,000 and 70,000.

But, says Rex Mercer of Drivers Jonas, development consultants to Sedgemoor District Council, the present shopping is in general inadequate, with a relatively narrow street which also happens to be cut in two by the River Parrett.

Like all older centres, says Mercer, the generality of Bridgewater's retail premises are small, too small to accommodate modern trading requirements; in short, there is little scope for extension and improvement to the existing stock of retail premises.

Chesterfield won the scheme from a shortlist of five developers, one understands, because it had the sense to employ the Building Design Partnership of Manchester; the imaginative qualities of the proposed designs, Chesterfield says, played a large part in its *landing of the scheme.*

"We seem to be coming back to the Victorian concept of arcades," says Mercer. "We have tried all-open centres which are windy and wet—and all-closed and costly."

Chesterfield will not put a price on the scheme—beyond over £1m and under £10m—but that is understandable with more detailed negotiations on costs still proceeding with Sedgemoor. But it still has the design positives to accentuate, like parking for 500 cars on one deck over the whole of the development.

- At the other end of the country, the Abbey Property Fund is going for a £5m shopping *redevelopment in* Chelmsford, in Essex.

Chelmsford, unlike Bridgewater, is extremely well provided with modern shopping, with a major shopping precinct (owned by Coal Industry Nominees) next door to a thriving covered market and served by a multi-storey car park.

Abbey Life property manager Tony Arnold, however, notes that the town still has an active High Street, and Abbey's 35,000 sq ft development at one end of it will link with a Debenhams department store, and will be close to Marks and Spencer, Woolworths, and a large car park behind the latter.

# Piccadilly sale opens the market

DEBENHAM'S sale of Swan and Edgar, on the West side of Piccadilly Circus, may be regarded as a prime retailing topic; S. and E., after all, is one of London's most famous department stores. But it is also a prime site in a highly interesting location.

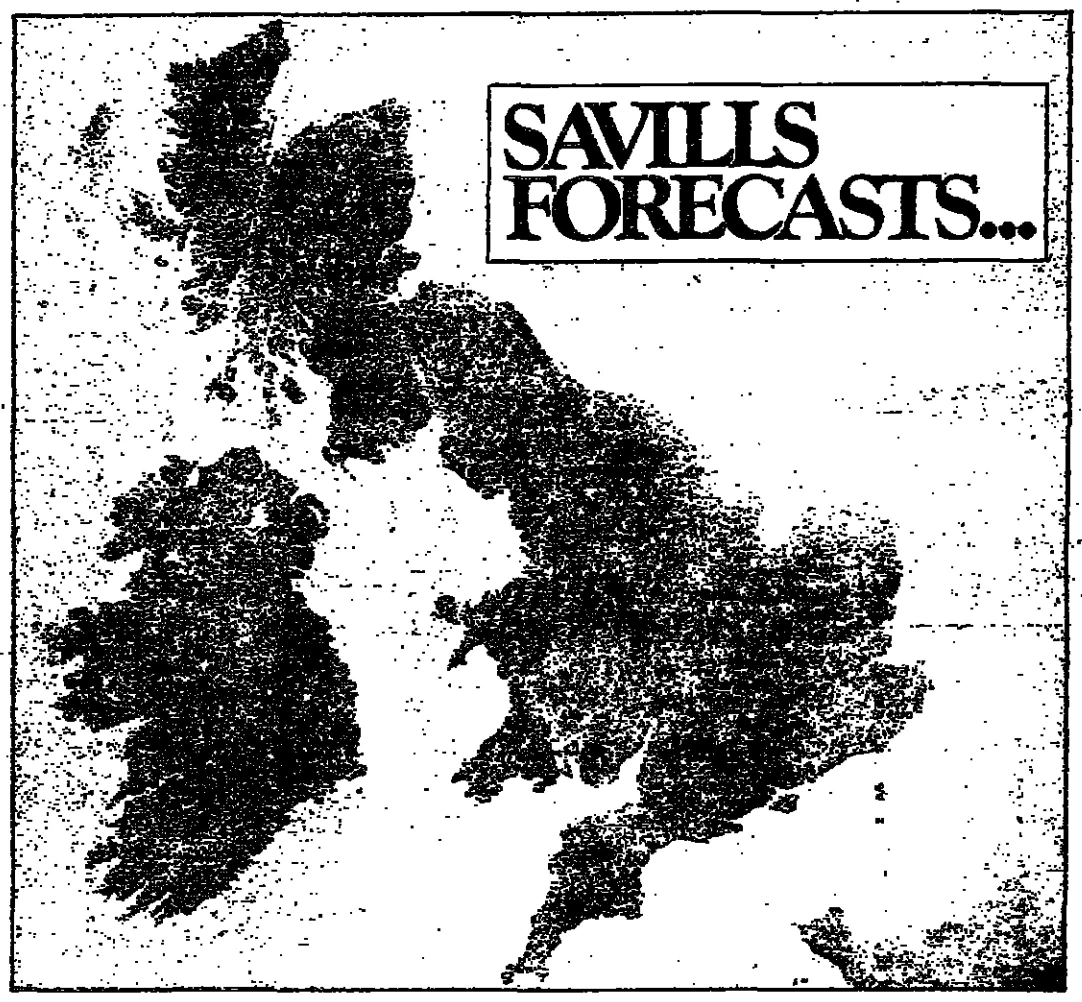
One the South side, the redevelopment of Trust House Forte's Criterion site has to start some time; in fact, it is rumoured to be out to tender now. To the North, Land Securities has already done the Monico development; and to the East, there is the London Pavilion with its own ambitions even with the GLC as freeholder.

The GLC, after all, has its own ambitions for the area, including pedestrianisation at ground level through from Piccadily to Leicester Square, and a radical reorganisation planned for the underground concourse of Piccadilly tube station.

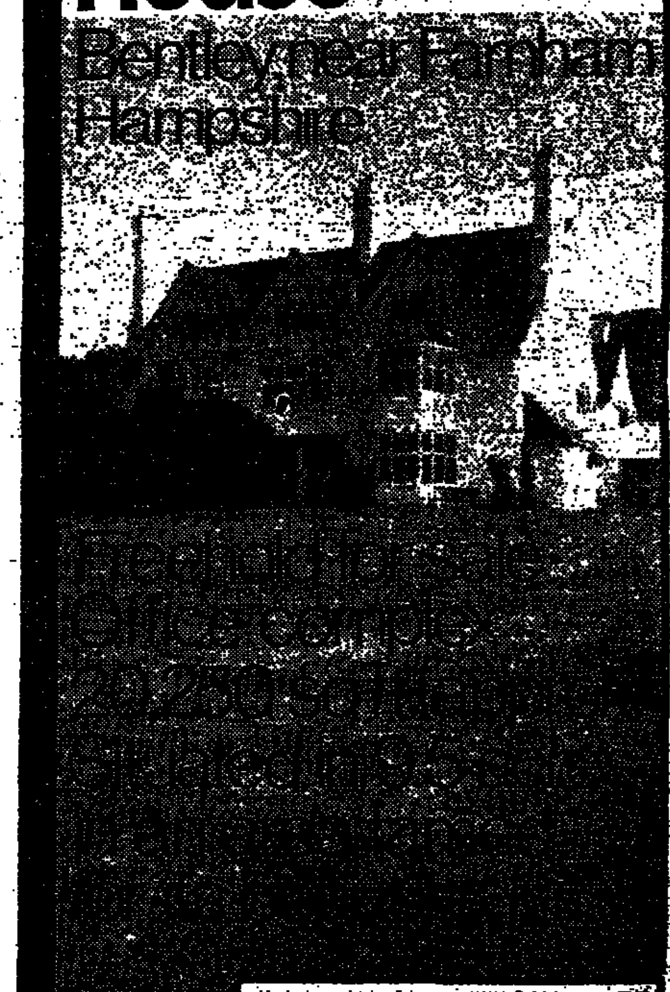
With all this happening, or likely to happen, it is no wonder that Debenham's chairman refuses to be drawn on price—where estimates have varied from £3m-£4m in stockbroker territory, and £10m elsewhere.

"Something like £10m would be not at all bad, if Debenhams could get it," said one City observer. As Robert Thorton, chairman of Debenhams, points out, "Swan and Edgar is a fine site but a short lease."









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# St Philips House

St Philips Place, Birmingham.
**23,800 sq ft TO LET**
including 3,025 sq ft of self-contained Banking Hall and 20,775 sq ft of luxury Office accommodation.

- At the heart of the City's established financial quarter overlooking St Philips Churchyard.
- Ground Floor self-contained Banking Hall with 48 ft frontage to St Philips Place.
- Available in floors from 3,390 sq ft.
- Fully fitted & carpeted to the highest standards and available for immediate occupation.
- Impressive private offices at front with open plan office areas to rear.

Details from the Sole Agents.
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A development by Scottish Equitable Life Assurance Society

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**Knightway House, Soho Square**
MODERN 1st FLOOR
OFFICES 7,350 sq. ft.
# TO LET
E. A. SHAW & PARTNERS
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# BUILDING FINANCE

*Sunley Holdings, incorporating Bernard Sunley and Sons, Building and Civil Engineering Contractors, are able to offer up to 100% construction finance for viable projects in excess of £½ million. Contracts would be negotiated and full design services are available, if required, for maximum economy and speed.*

Please contact
**Financial Director, Sunley Holdings Ltd. 79 Park Street, London W1.**

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# OFFICES

| | |
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| HOUNSLOW | — 8,000 - 22,000 sq. ft. — NEW AIR CONDITIONED DEVELOPMENTS |
| SURBITON | — 5,100 - 16,500 sq. ft. — MODERN OFFICES |
| TWICKENHAM | — 11,900 - 34,300 sq. ft. — NEW DEVELOPMENTS |
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all enquiries: J. MUNRO-FAURE

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MAYFAIR LONDON W1X 5FD
01 499 1001

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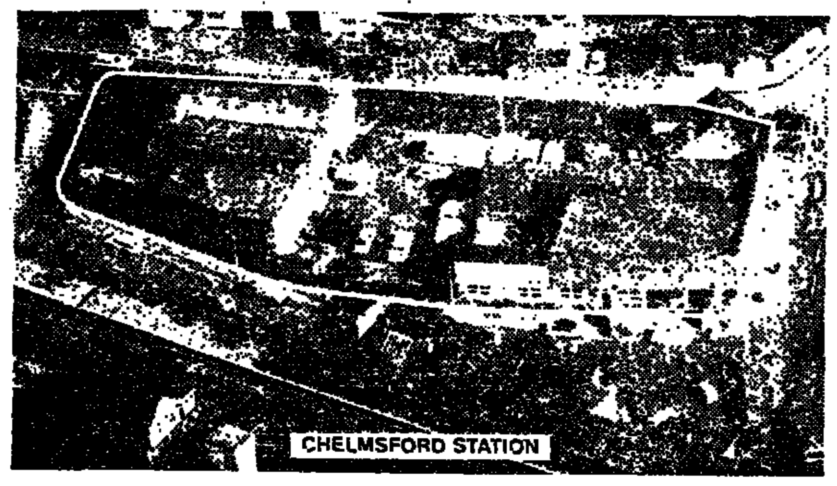
# CHELMSFORD
## Prime Office Development Site
## 0.4 Acres
Consent for approx 40,000sq. ft.




Joint Agents

Strutt & Parker
Tindal House, Tindal Square,
Chelmsford, Essex CM1 1HJ.
(0245) 84684.

JR Eve
1 Dean's Yard,
London SW1 3NR.
01-222 6661.

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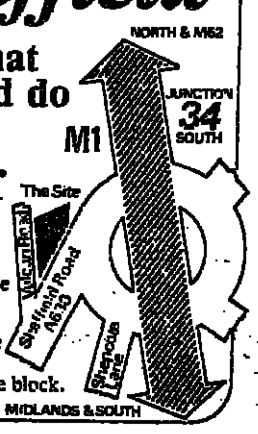
# *Move your company to Sheffield pay no rent till 1983.*

**Think what that could do for your company.**

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*(8 miles Dover, 6 miles Canterbury)*

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**HASTINGS BOROUGH COUNCIL**
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Freehold residential investment producing £20,000 per annum gross. Secured on fine Georgian house and buildings converted to 18 flats in beautiful tree-lined grounds near important industrial centre. Easily run with practically no voids. Offers invited in region of £125,000.
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55 OFFICES

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On behalf of
**Drake International Business Centres**
Spacebank can offer accommodation to suit your requirements in a fully furnished and serviced office complex in Regent St., W.1. Services include: Multi-lingual Secretaries, Word Processing, Prestige Reception, Telephones & Telex
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**Spencer House Woking**
Offices 37,500 sq ft net

Of interest to major companies seeking new offices to reflect their own company image and required specification.

- Prominent corner site
- Close to mainline station (Waterloo 25 minutes) and town centre
- 88 parking spaces
- Expansion potential

**To Be Let**

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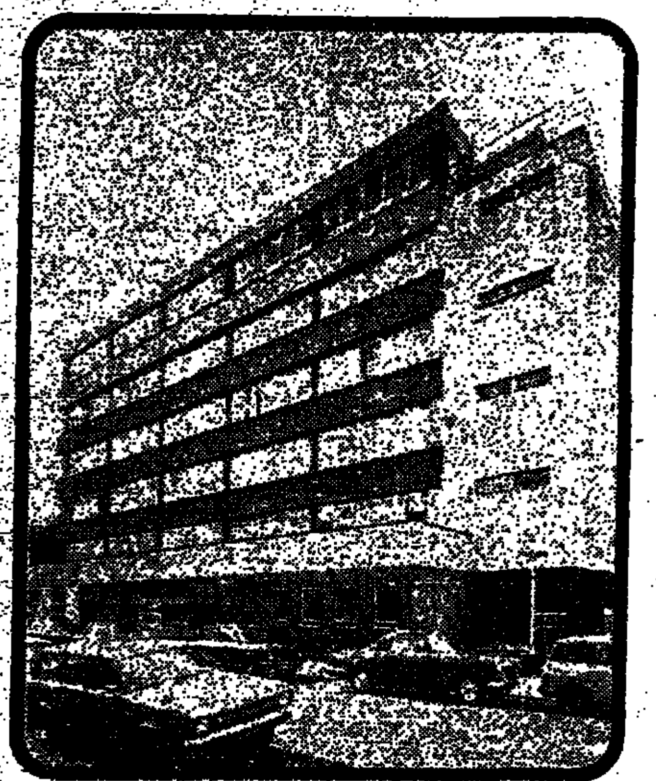
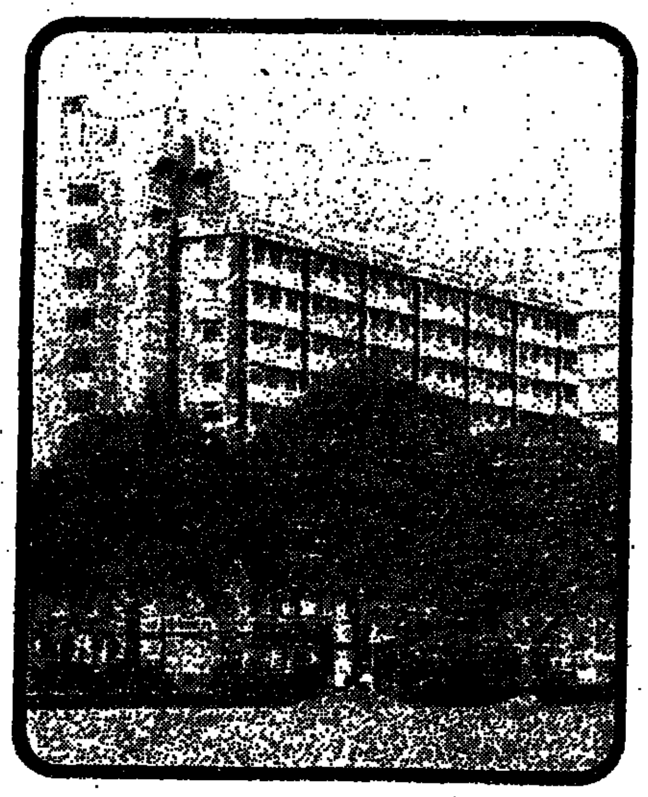


**SOUTHWELL HOUSE COOMBE LANE**
RAYNES PARK LONDON SW20

**MODERN OFFICES**
**21,584 SQ. FT.**
- Self-contained building
- Adjacent to Raynes Park Station
- Extensive car parking

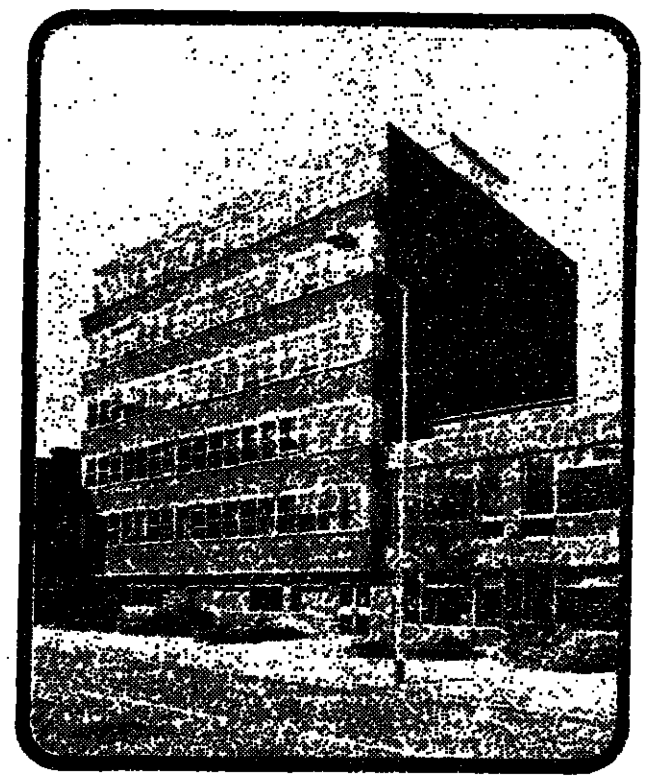
## KINGSTON



**COMBINED HOUSE**
KINGSTON UPON THAMES

**MODERN OFFICES**
**Part of Fairfield West development**
**19,176 SQ. FT.**
- Two modern office floors
- On site car parking
- Close to Kingston Station

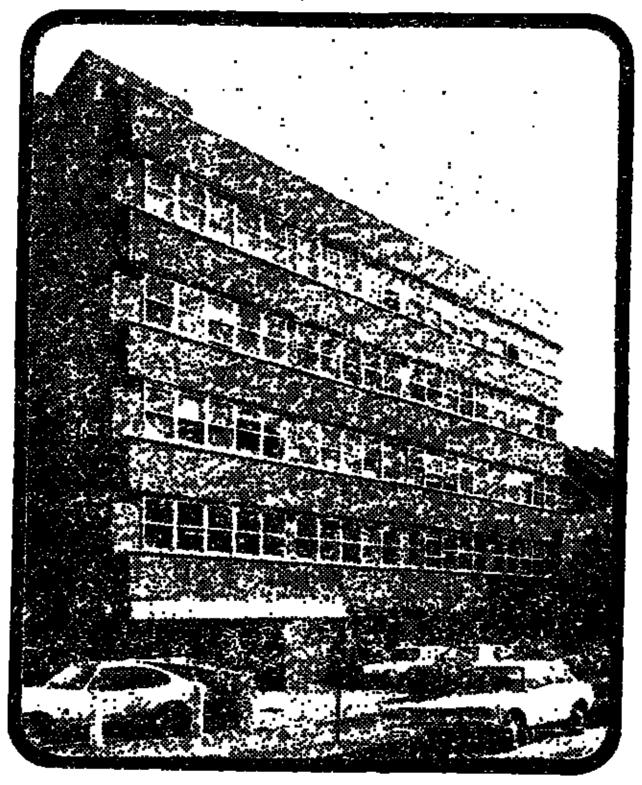
## WIMBLEDON



**OLYMPIC HOUSE**
THE BROADWAY WIMBLEDON
LONDON SW19

**MODERN OFFICES DEVELOPMENT**
**18,130 SQ. FT.**
- Central position close to Station
- Car parking to rear
- Open plan layout

## WIMBLEDON



**MANSEL ROAD**
WIMBLEDON SW19

**MODERN OFFICES**
**11,575 SQ. FT.**
- Entire building
- Easy access to Central London
- Over 30 car spaces

Letting terms are available from the Sole Agents
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13 Hill Street Berkeley Square London W1X 8DL
Telex: 8955508

Haslemere Estates Ltd

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An extensive refurbished office building with garaging

TO LET

**25,500 sq. ft.**

Sole Agents

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Chartered Surveyors
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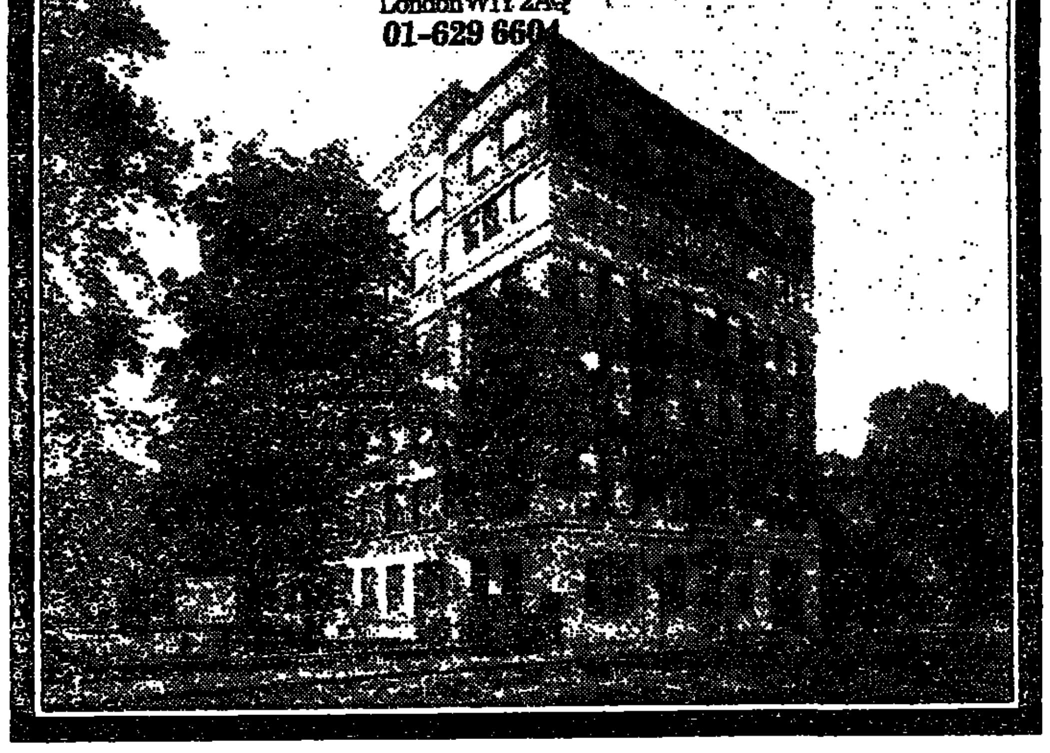
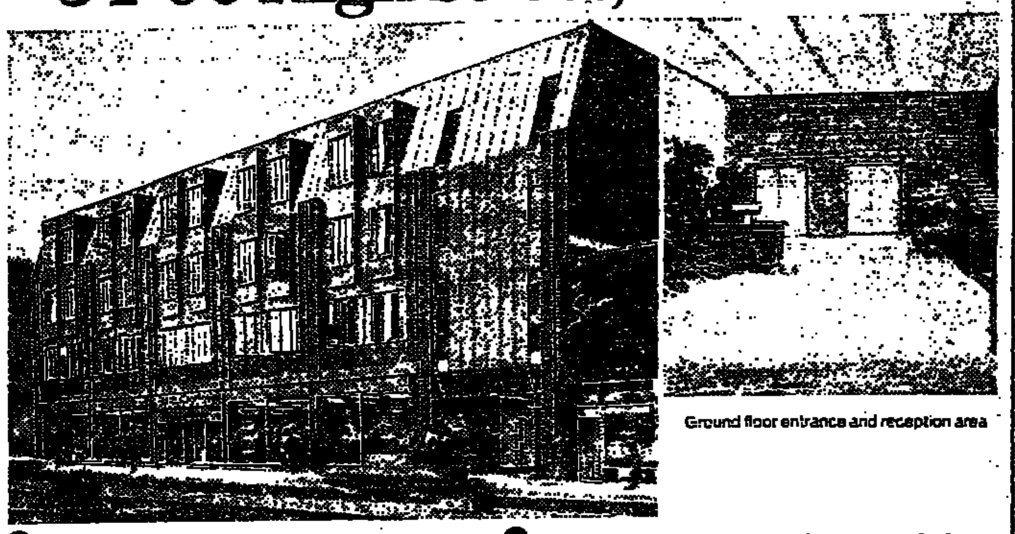


# HOUNSLOW

New office development to Let
20,700 square feet of air conditioned space;
30 covered car Parking Spaces;
Superb communications to Heathrow, the Motorway system, and Central London.

## 54-66 High Street, Hounslow.



Ground floor entrance and reception area

- High quality air conditioned offices with prestige entrance and reception area.
- Double glazing, fitted carpets, recessed light fittings, two passenger lifts, secure basement car park for 30 cars.
- Ideally situated within easy reach of Central London (10 miles) and Heathrow Airport (4 miles). Convenient public transport, bus and tube. M3 and M4 motorway intersections 3/5 miles away.
- Superbly designed as a high-class economical working environment for business efficiency and office comfort.

a development project managed by Arunbridge

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A Project managed by Arunbridge

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To Let

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PILCHER HERSHMAN

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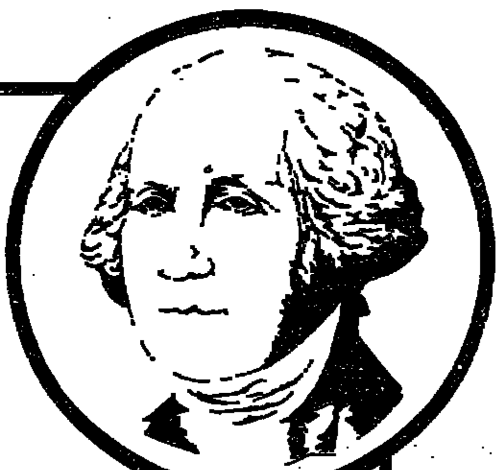

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## The capital location for industry and commerce in the North East of England

For details phone Norman Batchelor, Washington Development Corporation, Tel: (0632) 463591

A MILLER GROUP DEVELOPMENT

# BRACKNELL MILLER HOUSE

A MAJOR TOWN CENTRE DEVELOPMENT

**55,000 sq. ft.**

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20 Minutes to Heathrow

Topped Out September 1981
Occupation August 1982

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Bell-Ingram
Chartered Surveyors
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Telephone: 01-437 1274 Telex: 267746

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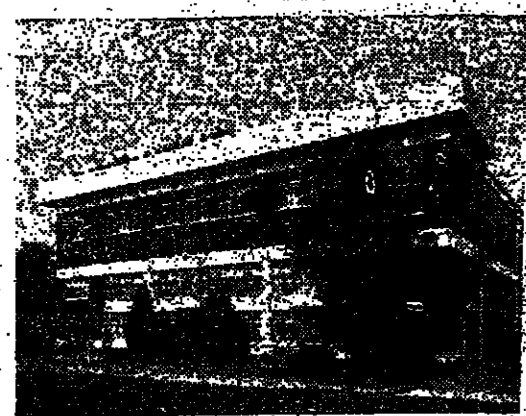
FACTORY 36,000 sq. ft.

## For Sale



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FACTORY with OFFICES
947-7966
FREEHOLD
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ESTATE HOUSE, 91 ST. GEORGES RD., S.W.1

# 42/44 GROSVENOR GARDENS LONDON S.W.1

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- ★ £8.70 per sq. ft. per annum exclusive
- ★ Two minutes' walk from Victoria Station
- ★ Refurbished building
- ★ Three complete floors
- ★ Centrally heated
- ★ Fully carpeted
- ★ Fully partitioned
- ★ Automatic lift
- ★ Lease to 2003, reviewed 1984, 1989, 1994, 1999
- ★ Premium £15,000, subject to contract

★ *Viewing through Sole Agents*

GEORGE TROLLOPE & Sons

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TO ANY OCCUPIER SEEKING OR WITH OFFICES IN

CAMBRIDGE PETERBOROUGH OR NORWICH

WE CAN OFFER UP TO 30000 SQ FT
OF NEW OFFICES IN CHEQUER HOUSE KINGS LYNN
OR IN SMALLER SUITES

FROM £2.25 PER SQUARE FOOT RENTAL
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ALTERNATIVELY A LONG LEASEHOLD INTEREST MAY BE AVAILABLE.
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**111,000 sq.ft. @ £1.30 a foot**

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Immediate Occupation

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If you want the industrial space we have the facts
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Industrial Promotion Officer
021-300 7136
industrial locations information service

County of West Midlands

West Midlands County Council,
County Hall, Lancaster Circus, Birmingham B4 7DJ

Connells Commercial
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and at London W1

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LICENSED PREMISES
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Tel. Luton 31261

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Prestige Office Suite
950 sq. ft.
Lift - CH - Carpeted
Lease to be assigned
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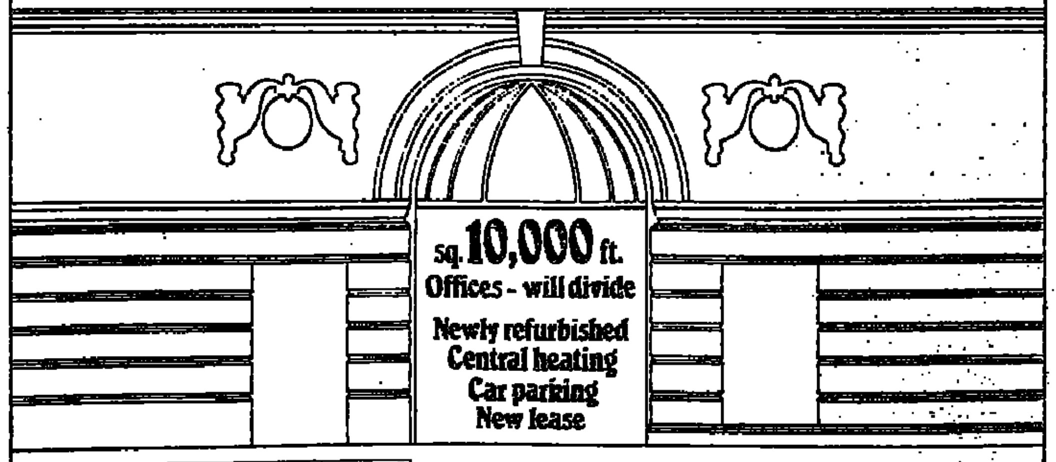
LONDON W8

A completely new office environment with an impressive classical facade




JOHN D WOOD
23 Berkeley Square, London W1X 6AL
Telephone: 01-629 9050 Telex: 21242
(Ref.LM/PSH)

Joint Letting Agents

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Telephone: 01-402 8366
(Ref NP)

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**9,500 SQ. FT.**

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■ Gas Central Heating ■ 10 Person Lift ■ Acoustic Tiled Ceilings ■ Fitted Carpets ■ Telephones installed ■ Telex ordered.
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  ½ mile city centre—close M602
  Last unit—15,571 sq.ft. inc. 2,561 sq.ft. office
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Rowlinson Constructions Ltd
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**MAYFAIR LONDON W1**

**Approx. 7,000 sq.ft.**

Luxury self-contained **OFFICES** on one floor

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Established Estate ✓ Tenants include ITT & Autosense
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Excellent motorway connections.
Adjoining Main Line station.
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Basildon Development Corporation,
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Essex SS13 2EX
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New building approx 9,000 sq ft

High specification

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2 New Office Suites with car parking.

TO LET

2,500 sq.ft. each

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Very close to the Bank of England

# To Let

**Ground Floor 2,500 sq ft**

**Basement 860 sq ft**

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A RESTORATION BY THE FLEMING PROPERTY UNIT TRUST

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Plus Basement Storage • Car Parking
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with planning consent available
For Sale in part or whole

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3,700 Sq Ft Offices
1,600 Sq Ft Storage
Excellently maintained and fitted out
Ample car parks
Ready for occupation
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*New covered shopping centre*
*Suited to many trades*
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We pride ourselves on the expertise and skills of our industrial development team — a team which helps new companies set up in Clwyd every month. These companies choose Clwyd after making an exhaustive search of the options open to them throughout the UK. **Wouldn't you like to know why?**

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# THE PROPERTY MARKET IN THE U.S.

# Office boom in Houston and LA

THE UNITED STATES office development market is still booming, **Andrew Taylor writes from the U.S. after visiting Los Angeles and Houston**, two of the fastest growing office development markets in the U.S.

Developers, backed by National and international finance, are still announcing new office schemes as though they had never heard of the word "recession."

Clearly, some of these developers and investors—those putting together schemes in less than prime business locations, on the basis of current building costs and unrealistic rental projections—are going to get their fingers burned.

A recent report by Office Network Inc.—representing a number of U.S. real estate brokers—showed that new office construction is currently running at record levels.

The 17-city study revealed that there is currently 132.7m sq ft of new office accommodation under construction, 66 per cent more than a year ago. Many more office schemes are in the planning pipeline.

The two cities with the highest level of new office development are Houston where, according to Office Network, 17m sq ft of new space is under construction, and Los Angeles where 19.7m sq ft is the estimated figure. Both cities fall within the so-called U.S. Sun Belt and have seen exceptional growth in office rents over the past few years as demand for accommodation has soared.

British agents and chartered surveyors Jones Lang Wootton have major representative offices in both Los Angeles and Houston. The agents stress that it is important to distinguish between the fundamental strength of office markets in the central business districts, and potentially weaker markets in some of the suburbs and outlying areas.

## Fringe locations

They say that some investors who have previously bought into some of these more fringe locations, and have seen the value of their investment rise as property values generally have soared, should now seriously consider selling their investment and take an early profit.

Recent reports from the Los Angeles real estate market suggest that the British Post Office Pension Fund might be one of those considering taking an early profit on an office investment made several years ago, when office rents and values were much lower.

The fund is reported to be in the process of selling its 230,000 sq ft office scheme in the Mid-Wilshire area of Los Angeles.

Mr Robert Beeney, of Jones Lang Wootton's Los Angeles office, says that rents in the central business district are likely to continue rising over the next two years despite the large number of new development schemes on the stocks.

Currently, around 5m sq ft of new office space is under construction in the central business district with a further 3m sq ft in the planning pipeline—although the high cost of development finance in the U.S. may hold back actual construction work.

But with demand for office accommodation continuing to run at exceptionally high levels, Jones Lang Wootton says that there will be no problem in letting new space currently under construction. Many of the schemes now under way are already pre-let, and vacancy rates in the central business district are at rock bottom levels.

"There have been so few lettings in recent months that it is difficult to say at what level market rents are currently running. Rents on existing modern buildings are probably around $28 sq ft but some of the new schemes now on stream could fetch up to an average of around $35 a sq ft and for really top quality space even higher," says JLW's Mr Beeney.

In the central business district of Los Angeles, he says, rental growth may start to flatten by 1984-85 as new schemes are finished but that in the longer term he expects to see good growth in office rents as more and more businesses move to the Sun Belt states.

A similar picture emerges in Houston where Mr Denis Kavanagh of Jones Lang Wootton expects rents in the three main business areas of the city to continue to rise into the mid-1980s.

In the main downtown business area of Houston, prime office rents are currently running at an average of around $22 to $23 per sq ft. This, according to JLW, could rise to around $35 a sq ft by the mid-1980s.

At present, there are no new buildings ready for occupation to let in the downtown area, except 801 Travis—although there are five major schemes planned to be completed by 1983. Of this planned space, around two-thirds were pre-let by the middle of this year (1981), says JLW.

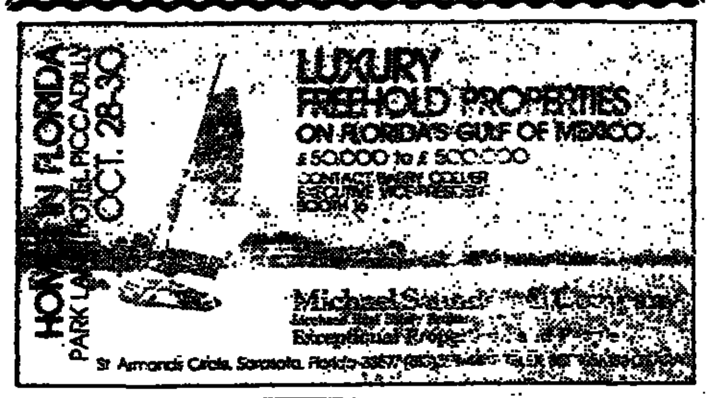
Buildings presently under construction include the Texas Commerce Tower, with 1.7m sq ft, expected to be completed at the end of this year—almost all of this space is already pre-let at rents of up to $23 per sq ft.

## Under construction

Also under construction is First City Tower, comprising 1.26m sq ft. Another building under construction is 1010 Lamar, comprising 325,000 sq ft, which is understood to have been purchased by Electricity Supply Nominees, and which is now almost fully let also at rents up to $23 a sq ft. Apart from 801 Travis, no new space will be available until the completion of the 2m sq ft Allied Bank Plaza in October, 1983, which is already over 65 per cent pre-let at rents of up to $28 per sq ft.































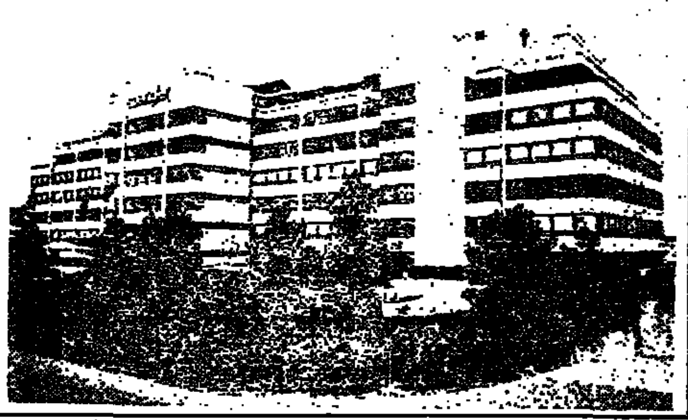





# INTERNATIONAL PROPERTY







# THE ARTS

Cinema

## The American Nightmare

by NIGEL ANDREWS

Blow-Out (X) Empire
Ludwig (A) Screen on the Hill
The Conductor (A) Gate Notting Hill
Endless Love (AA) Plaza, Classic Oxford Street
The Fox and the Hound (U) Odeon Leicester Square

*Blow-Out*, the new thriller by Brian De Palma (of *Carrie* and *Dressed To Kill*), is set in Philadelphia, home of the American Constitution and shrine of the American Dream. Grand of concept but elusive of definition, the American Dream, like many rare or vulnerable animals, tends to break cover only when it's in danger. And the brilliance of De Palma's film, a "conspiracy" thriller set during the dual build-up to Philadelphia's "Liberty Day" and America's Presidential Election, is that it sets out to define the American Dream by the American Nightmare. It's about Freedom and Democracy under attack: not from any thick-ear and frontal violence but from the slow-burn post-Watergate variant of camouflage, cover-up and long-arm conspiracy.

The spark that sets off the film's mini-series of powder-kegs is the "accidental" death of top Presidential contender Governor McRyan: careering off a park bridge into a river one night, courtesy of a blown-out tyre. He drowns, but his nubile, goldilocked fellow-passenger (Nancy Allen) is rescued by a stray witness, movie sound-effects man John Travolta. Mr T happens to be standing on a bridge recording nocturnal noises for his latest opus (*Co-Ed Frenzy*) and picks up the scream of tyres and bang of the blow-out as they happen.

Was it death by misadventure or by a tyre-aimed rifle bullet? Travolta scans and scours his tape, wonders why he's sworn to secrecy over Miss Allen's presence in the car by McRyan's ex-campaign manager ("We don't want to hurt the family"), casts suspicious looks at Miss Allen herself (was she in on the conspiracy, if there was one?) and finally discovers that he and she are the top-priority victims of a hulking mobile assassin (John Lithgow) who's now zealously overrunning Philadelphia, cleaning up after the McRyan death even though his political bosses have long since disowned his runaway terror trail.

You hardly need a whiff of draught guinness poked under your nostrils to realise that McRyan is an Irish name and a hint at the Kennedys: and that the demise which sets *Blow-Out* in motion is a conflation of Chappaquiddick (water death plus scandal) and Dallas (mystery hidden gunman). But the wonder of De Palma's film is that it is not a creaky dose of "Liberty, awake!" laced with headline *verismo* à la *All The President's Men* but a free-form fantasia of interlocking fictions on the theme of American Freedom, Dream versus Reality. Virtually the entire film is shot (by *Close Encounters* cameraman Vilmos Szigmond) in heady patternings of red, white and blue; sleek, neon-bright colours that seem conjured from the brush of Edward Hopper and that culminate in a stunning colour-crazed climax as Travolta, Allen and Lithgow converge towards a showdown amid Philadelphia's showy Liberty Day parade.

De Palma has always been a juggler and a games-player, and he's busy pulling carpets from under our feet here. Even the opening sequence—a killer stalking a girl's hostel, complete with heavy breathing and the familiar rattle of shower-curtains as he homes in on victim number one—proves to be a flamboyant leg-pull: it's a scene from *Co-Ed Frenzy*. But in *Blow-Out* for the most part De Palma's illusion-and-reality games are more than mere decoration, they're part of the warp and woof of his subject: political intrigue with its baroque deceptions and high-stakes, multi-level chicanery.

*Blow-Out* helter-skelters through its 107 minutes at gale-force pace because one's in a constant state of visual elation: at the bravura of De Palma's camerawork (sudden overhead shots at moments of menace, abrupt giant close-ups, concertina sequences of shots from close to wide-angle) and at Szigmond's neon-and-phosphorus colours, a-glow as if the props and scenery were all lit from within. As an added bonus in this electrifying paean to the American Dream and its defenders, John Travolta gives his best-ever performance: nervy, alert, mercurial, tensed to the story's pace and sloughing off in perpetuity (one hopes) the aw-shucks street-dandy he's been regaling us with ever since *Saturday Night Fever*.

★

It's treat week in London, for Visconti's *Ludwig*, opening at the Screen on the Hill in the longest version this country has yet seen, is four hours of dramatic grandeur and visual rapture. When last we weaved through Bavaria with Visconti and the Wittlesbachs, there were strange holes and hiccoughs in the story and a tendency for major characters to appear without introduction as if popping up through the parquet. Trevor Howard as Richard Wagner, gruff in a cerise smoking-jacket, Silvana Mangano as Cosima and Romy Schneider as Elizabeth of Austria were the chief victims of this now-you-see-them-now-you-don't prestidigitation.

In this full-length version, the characters expand into far fleshier creatures, and Helmut Berger must have placed the Wagnerian *tarnhelm* on his head, for his metamorphosis into Ludwig is astounding. Eyes searing from a mask of pallor, black eyebrows raked back into a jetty demonism, he walks through the film like a stricken ectoplasm of nobility, a regal wraith wrung from the dying days of European Romanticism.

Visconti's colour-sense runs exultantly riot as we process through the Mad Monarch's castles — from wedding-cake Linderhof to Herrenchiemsee, the Bavarian Versailles, to Gothic Neuschwanstein — and long dialogue-scenes pitting Ludwig's doomed anarchic solipsism against the political pragmatism of his enemies or advisers pall not a jot because Visconti choreographs them like ballets. *Ludwig* is truly a marvel: a 240-minute anatomy of the Romantic spirit which, in its wonderful embrace of pain and painterliness, not even Visconti has surpassed.

★

Sir John Gielgud, dazzling the audience with his well-polished dome and ventriloquised Polish, waves an imperious baton as *The Conductor*. But despite the actor-knight's presence, Andrzej Wajda's tale of an American-based music maestro lured back to his native Poland by the daughter of an old flame (Krystyna Janda), and the prospect of a jubilee concert is one of the director's weirder and less winning sorties.

Sweet persuasion versus hectoring authority is the musical battle: Gielgud wages, once deplaned in Poland, with the girl's lover (Andrzej Seweryn), a martinet young conductor who believes that music can be beaten and barked out of a pliant orchestra. And thereby, you may guess, hangs a political parable for Eastern Europe today. Meanwhile the girl herself lures Sir John into time's slipstreams and he falls half-in-love with her as the remembered image of her mother, and of the Poland he loved but left.

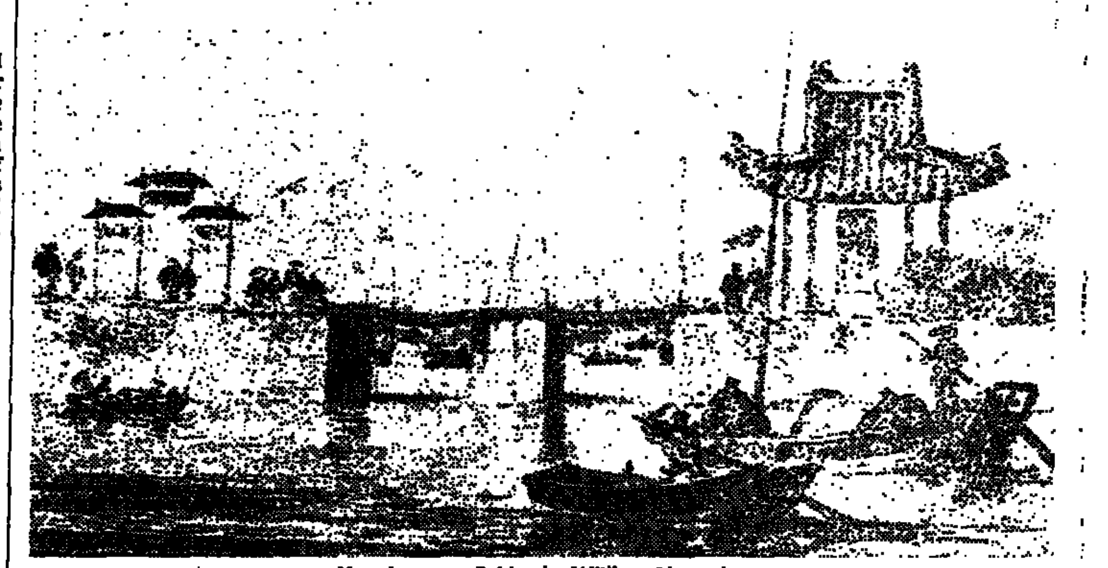
There are worthy seams of symbolism in the film, and it's piquant to see Gielgud muscling himself for a major movie role after all the two-minute Arabs and fly-by butlers he's been treating us to of late. But in common with many Wajda films *The Conductor* is a terrible assault on the eyes, all frantic tracking and wobbly hand-held immediacy, and unlike his recent best, *Rough Treatment*, the kinetic passion doesn't quite seem validated by an equal thrust or intensity in the story itself.

★

In Franco Zeffirelli's ripely dotty *Endless Love* you may gaze your fill at Brooke Shields and Martin Hewitt as two teen-age lovers battling with ful-some colour photography and the indignation of her parents. Zeffirelli cavorts around the silly plot like a mad gnome stoking a dying fire, and Shirley Knight and Don Murray over-act themselves right off the Best Thespians list as aggrieved Mater and Pater.

The Disney Studios' newest film, *The Fox and The Hound*, is no better: 83 minutes of ultra-treacly animal animation in which brotherly love blossoms between the eponymous four-footers before maturity and role-playing dictate antagonism. It's set in the customary sylvan never-never-land, but on this occasion you can't see the woods for the twee-ness.

HELMUT BERGER AND ROMY SCHNEIDER IN LUDWIG



Vessels near a Bridge by William Alexander

Brighton Museum and Art Gallery

## William Alexander

by BRIONY LLEWELLYN

"Mr Alexander drew beautifully and faithfully in water-colours, and omitted nothing that was Chinese, from the human face and figure, down to the humblest plant, and so true were his delineations, that nothing before or since could be compared with them."

Such was the judgement of John Barrow, comptroller to Lord Macartney's embassy to China in 1792-94, on which the young William Alexander was employed as "draughtsman." Not all Alexander's contemporaries praised his Chinese views so highly, though, and his exhibits in the Royal Academy of 1796 were censured by a critic for appearing "spotty and out of harmony." The accuracy and variety of Alexander's observation were not in tune with the Claudeian ideals of generalised landscape then current.

The present exhibition offers the chance to see the subjects of these conflicting opinions, brought together by Susan Legouix Sloman, formerly of Maidstone Museum and Art Gallery (the town of Alexander's birth), and Patrick Conner of the Brighton Museum and Art Gallery. It is particularly appropriate that it should have been mounted in Brighton, next door to the pan-oriental Royal Pavilion. This architectural fantasy, derived ultimately though not directly from Indian and Chinese prototypes, through the mediation of artists such as William Alexander and Thomas and William Daniell, who, by coincidence, also sailed home from India in Lord Macartney's convoy. The painted glass windows flanking the north and south staircases of the Pavilion depict Chinese figures, at least one of which is adapted from one of Alexander's aquatints for *The Costume of China*, 1805; the artist's vivid original drawing, *A Chinese Comic Actor*, is in the exhibition. Indeed, Alexander's aquatinted and engraved illustrations to several books on Chinese life and landscape, notably Sir George Staunton's official account of the 1792-94 embassy, were widely used as motifs in Regency engravings and decoration.

Examples of Alexander's illustrations are on display their importance is made clearer in the excellent catalogue introduction, thoroughly researched and well written by the two organisers. As well as describing the purpose of the British embassy to China and Alexander's role and activities in it, the introduction gives an account of the artist's life in England. Two of his English drawings illustrating his biography are on show, but, although not as remarkable as his Chinese views, a couple more of his antiquarian topographical drawings might have made interesting comparisons.

The core of the exhibition, showing Alexander at his best, are his vivid depictions of the Chinese scene. The immediacy and sketchiness of one or two of the simple figures make it likely that they were done on the spot, but most were worked up for exhibition and engraving during the years immediately after his return. Like many other artists of his time, he often did several versions of the same view: four of one of the grandest, *Chinese Barges of the Embassy Preparing to pass under a Bridge*, are shown, enabling us to note his modifications of style and composition, although it is difficult to work out a chronology.

All retain a freshness and vitality which reflect his enthusiasm for his surroundings, and he often depicted himself busily sketching from a perch on an embassy barge. Delicately modulated washes are overlaid by a welter of lively detail — pagodas, temples and several kinds of boats — all dotted with figures wearing conical hats, pigtails and voluminous clothing. These colourful scenes were for Alexander a never-ending source of picturesque variety. He brought home an unprecedented wealth of first-hand visual information about the people and country of China.

Festival Hall

## Shostakovich

by ANDREW CLEMENTS

One month late, the London Philharmonic Orchestra on Wednesday celebrated the 75th anniversary of the birth of Dmitri Shostakovich. The decline in a composer's popularity that traditionally follows a composer's death has not yet caught up with Shostakovich; the Festival Hall was full to bursting for the occasion, and the audience was generously sprinkled with illuminati. Yet one suspects the turn-out was not only a simple tribute. The conductor for the evening was Maxim Shostakovich, the pianist his 20-year-old son Dmitri Maximovich: for both it was their first appearance in London since they sought political asylum in the United States last April.

But the first half of the programme at least hardly did justice to Shostakovich's stature. In the *Festive Overture* and the second piano concerto there is precious little that is remotely profound, and absolutely nothing to connect them with the composer of the string quartets and the fourteenth symphony. The conductor did little to revise opinions of the overture, with breakneck tempi and the brassiest climaxes he could provoke from the orchestra. In the concerto also (written for Maxim himself to play when he was 19) a wiry technique well projected did nearly all that was required of it; the slow movement, an oasis of lost innocence, could have benefited from softer edges, a willingness to unbend.

Views of the fifth symphony have had to be revised since the publication of Shostakovich's putative memoirs. The finale, we are led to believe, represents a hollow triumph, celebrated in extravagant rhetoric. Whether or not such revelations should have caused Maxim Shostakovich to alter his interpretation one doubts; it is in any case an account which lays primary emphasis on the opening pages and the slow movement (taken relatively quickly, but building eloquently). The playing of the LPO veered between high-voltage precision and teetering uncertainty, but the symphony was concluded with a massiveness that convincingly carried a baleful threat.

## All's well for Dame Peggy

Dame Peggy Ashcroft is returning to Stratford-on-Avon for the first time since 1969 to play the Countess in Trevor Nunn's new production of *All's Well That Ends Well*.

Other leading roles are played by Robert Eddison (Lafeu), John Franklyn-Robbins (King of France), Mike Gwilym (Bertram), Geoffrey Hutchings (Lavache), Stephen Moore (Parolles) and Harriet Walter (Helena).

The production is designed by John Gunter with costumes by Lindy Hemming and music by Guy Woolfenden. Previews will be from November 11 and first night on November 17.

At The Other Place, Bill Alexanders directs *Money* (previews from November 11, first night November 18) the rarely performed Victorian comedy by Edward Bulwer-Lytton. Its last London revival was by an "all star" cast before the newly-crowned King George V and Queen Mary at the Drury Lane Command Performance in 1911.

Leading roles are played by John Burgess, George Raistrick, Paul Shelley and Juliet Stevenson.

Albert Hall/Radio 3

## War Requiem

Released from the destructive over-exposure to which it was condemned in the early years of huge popular success, Britten's largest concert work —in numbers of forces employed, his largest work of all—now surfaces less frequently, and can be regarded temperately and dispassionately; the fashion for glorifying an unspotted masterpiece, and the counter-fashion for "seeing through" the War Requiem have both, thankfully, had their day. Wednesday's BBC revival —massed BBC choirs, Southend Boys, conductors Rozhdestvensky (orchestra) and Brian Wright (chamber orchestra)—presented the work in a way that was wholly apt for the current climate. It was an orderly exposition, clear and balanced, superbly well sung by the choirs and mostly very well played; it made no "case" for the work, except that of allowing its best music to promote its own merits.

Of the unevenness of the War Requiem there seems to me little doubt. It is full of beautiful things, simple, gentle lyrical episodes; but it rises fitfully and incompletely to grandeur of stature, and its "message," especially in the finale, does not fully come across. In a way, the unimpassioned, orderly quality of this performance did the bouts of war-thunder and war-vigour—the "Dies irae" and the Offertorium—a relative disservice, emphasising their comparatively mechanical inspiration relative to the surrounding quieter passages. Greater drive here, sharpened attack, might have brought the whole work a degree nearer the state of dramatic equilibrium.

But the best of those quieter passages—above all the interfusion of "Lacrymosa" and "Move him gently into the sun," and the limpid sway of the "Agnus dei"—was most sympathetically delivered. The work, of course, sounds particularly well in the Albert Hall; and with boys to chime in from a high distant balcony, the levels of its structure were firmly laid. The clear shining soprano was Mari Anne Häggander (admired on this page as this year's Bayreuth Eva), the fresh, direct tenor Anthony Rolfe Johnson. In the baritone music—the most difficult to put across—David Wilson-Johnson was forceful and intelligent.

MAX LOPPERT



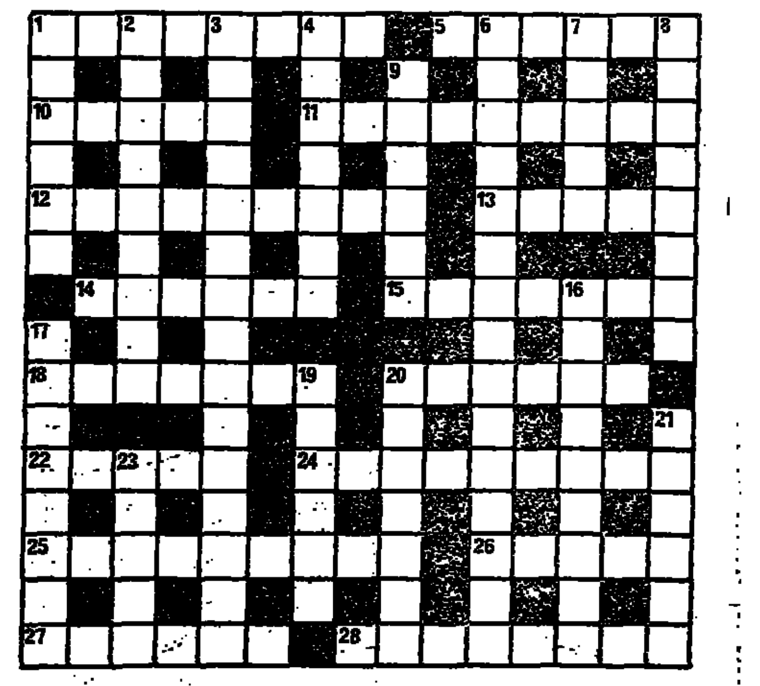
## F.T. CROSSWORD PUZZLE No. 4,705

ACROSS

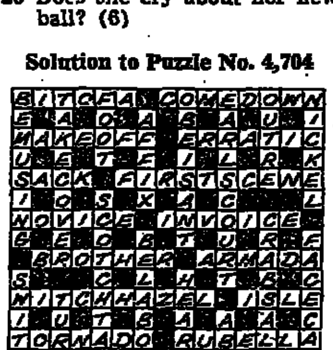
1 Disastrously leap and hang using part of the finger (8)
5 Value a horse (6)
10 Fish from a quiet vessel (5)
11 Part of the policeman's job may be fascinating (9)
12 Turned South-east, deceived and confiscated (9)
13 Paid political party worker taking time with book (5)
14 Base Religious Instruction with tonsured following (6)
15 Shake doctor left in tree (7)
18 Unit in charge of heat (7)
20 Does she cry about her new ball? (6)
22 Soldiers taking public transport? That's a puzzle! (5)
24 Pale and moist from a poisonous gas (5, 4)
25 Feeling possibly it's an amazing thing (9)
26 Nought in sin to give expression to (5)
27 Wholesale drowning perhaps one day (6)
28 Clearance from free ball (8)

DOWN

1 Stick together with learner in shade (6)
2 Chains are used to create a state of lawlessness (9)
3 Intensely enthusiastic as a condiment may be (2, 4, 2, 7)
4 Worked hard and transplanted (7)
6 What Roger means (7, 8)
7 An abdominal segment—it is found in a river (5)
8 To acquire female to follow in concert (8)
9 Believe it could also be an honour (6)
16 Preclude public-house to Scotsman, a somewhat uncivilised man (9)
17 Aquatic bird in ship gets on the rear of the vessel (8)
19 Money one has to shell out? (6)
20 Wine, but wrongly chain it up (7)
21 Ball in a field of activity (6)
23 Body of musicians with youthful leader give and take blows (5)



Solution to Puzzle No. 4,704




# FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester)

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FINANCIAL TIMES

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Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Friday October 23 1981

# Loose talk on deterrence

IF President Ronald Reagan can legitimately be criticised for his impromptu remarks last week about Nato's nuclear strategy, it is not because he significantly misrepresented that strategy—on the contrary—but because he seemed to betray an *extraordinary lack of sensitivity* to the impact that this words would be likely to have on this side of the Atlantic.

Tomorrow, at the beginning of United Nations Disarmament Week, the Campaign for Nuclear Disarmament holds its annual rally in London, and similar demonstrations will be staged in Rome, Oslo, Brussels, Paris, Madrid and Helsinki. The anti-nuclear movement is growing in many European countries, and when the American President uses words which can be construed as implying that the U.S. could be planning for a nuclear war confined to Europe, he plays into the hands of the nuclear campaigners and deeply embarrasses the Governments of Western Europe.

### Response

The imputation that the U.S. is planning for a nuclear war confined to Europe is, of course, a gross misrepresentation. The trouble is that the *possibility* of nuclear exchanges which fall short of all-out nuclear war is built into the Nato strategy of flexible response, which has been alliance doctrine for a dozen years. The purpose of the strategy is deterrence *against a Soviet attack, and in* the era of battlefield and theatre nuclear weapons the method is a ladder of deterrence, in which Nato aims to be able to match the Soviet Union at every rung of the ladder.

In principle this ladder should deter the Soviet Union from embarking on any kind of aggression against the West. But if deterrence shhould fail, then it may be conceivable that the war could be stopped before escalation moved all the way up the ladder to the intercontinental exchanges. Whether any nuclear war would be controllable is open to serious debate, however, and President Reagan admitted he did not know if escalation would be inevitable.

As a corollary of the doctrine of flexible response, American administrations have for many years sought to multiply their options in nuclear targeting, so as to push back as far as possible the terrible choice between surrender and armageddon.

Some people have tried to argue that this means that the U.S. has moved over to a war-fighting strategy; the truth is more nearly that the U.S. has tried to equip itself with a war-fighting *capability* in order to strengthen the credibility of its deterrence strategy.

The trouble is that when Mr Reagan speaks as he did last week, it sounds as if he entertains serious doubtswhether the deterrence strategy will prevent war in Europe. Many observers believe that the nuclear balance is, for the time being, as stable as ever and that war is much less likely to break out in some troubled area of the Third World, such as south west Asia.

### Anxieties

But when the American President speculates out loud about the possible course of a failure of deterrence, he can hardly fail to engender serious anxieties in western Europe. These anxieties will be keenest among those who fear that Mr Reagan's enthusiasm for rearming America is insufficiently buttressed with *a coherent foreign policy. The* steady build-up in Soviet armaments of all kinds is a serious cause of concern. But when American spokesmen seize every occasion to bang the drum about the need to strengthen Nato, as Mr Caspar Weinberger, the Defence Secretary, did yesterday, they do not necessarily help the cause.

There are two ways in which these anxieties could be allayed. The first is that the European members of Nato should strengthen their conventional forces. This would reinforce the conventional deterrent against attack, and would raise the nuclear threshold. But at a time of budgetary stringency it is a very uncomfortable option for politicians to face.

### Commitment

The second is that the U.S. must demonstrate its commitment to arms control, at the reconvening of the Madrid security conference on Tuesday, at the opening of negotiations with Moscow on theatre nuclear weapons at the end of next month, and by resuming as soon as possible negotiations on strategic nuclear weapons. Without progress in arms control, there is a very serious risk of growing polarisation between the U.S. and Europe over alliance defence strategy.

# Picking at the oil tax tangle

THE PROPOSALS agreed by the UK Offshore Operators' Association for the future North Sea oil tax regime call for only quite modest changes, but they will almost certainly prove unacceptable to the Treasury. The operators were asked to propose any changes in tax structure they wished to see, with the proviso that total revenue must be maintained. The UKOOA proposals would in fact reduce revenue very significantly.

The operators argue that some relief is required to finance the development of the small, high-cost fields which are regarded as necessary to maintain national oil *self-sufficiency* into the 1990s; and if this argument is maintained, the most marginal fields may well go the way of the proposed gas-gathering pipeline, which was abandoned because the Treasury concluded that most of the finance would effectively be at the expense of public funds.

### Radical

The argument *in fact raises* questions far more radical than those confronted in the UKOOA proposals. The existing North Sea regime, under which the Government collects 86 per cent of the profits of production, according to the operators, but subscribes an equally startling proportion of development capital by way of tax exemption, is not a logical one.

Essentially it means that the Treasury takes most of the risks of non-productive investment, but the producers take all the decisions. This distorts incentive, and breeds fiscal problems.

The simple alternative of a high, uniform royalty charge, such as is levied in the state of Alberta, is unsuitable to the conditions of the North Sea, where costs as well as risks vary enormously from field to field. PRT, with all its complications, was an effort to capture the economic rent of the oilfields in arrears, after the original exploration licences had been given away for nothing.

For future developments, a totally different and more clearly logical regime might be appropriate. An auction of exploration rights, perhaps on the basis of nominating a rate of royalty to be paid, would in theory capture the economic rent, while leaving risk to the operators, and a correspondingly higher share of the rewards. The tax regime could then be simpler and less burdonsome.

### Decisions

Before such general ideas could be shaped into practical proposals, the Government would have to take some clear decisions about its own priorities. At the moment it has a number of incompatible aims: to maximise revenue, to encourage further development and, from time to time, to conserve oil for future security of supply. However, vigorous development carries a high cost in revenue under present rules; and if a depletion policy should call for a slowing down of output, then both revenue and development funds would suffer.

It is arguable that the stress both on current revenue and on future development is excessive. North Sea oil is essentially a stock of capital; its realisation should not be dominated by revenue needs. As capital, it is excellent security for long term borrowing; the proposed but forgotten oil bond offers a means of reconciling the Governments cash flow requirements with sensible resources management.

There is no clear case, meanwhile, for making undue sacrifices of current revenue to secure the early development *of marginal fields, at a time* when world-wide exploration is at a new peak, consumption is falling and the future prospect for real prices seems to give the Saudis cause for acute concern. Under a more sensible tax regime for new developments, the industry might be expected to develop worthwhile new fields—and if necessary to find external capital for the *purpose — without* excessive tax advantages.

### Objective

What the oil companies require above all is a stable regime; public policy seems to argue for a more neutral one. These objectives cannot be achieved by haggling over the latest round of arbitrary changes; a radical review of policy for new fields is required.

THE BANKING REVOLUTION

# Home, sweet bank . . .

By Alan Cane, Technology Editor


CLEARING banks worldwide are working feverishly on new ways of delivering their services that will irrevocably change the face of retail banking.

They are planning to introduce automated banking of such sophistication and on such a scale that the electronic service tills (ATMS) now sprouting profusely through the walls of bank branches will seem crude by comparison.

And they are proceeding with their plans with such speed and in such secrecy, that in Britain at least, the banking unions are very worried. Customers are, in general, unaware *of what is* in store for them: and senior banking executives are finding it hard to keep up with the ambitions of the Young Turks.

Two weeks ago, Mr John Reed senior executive, vice-president at Citicorp, an acknowledged leader in banking technology said: "We believe it is highly likely that the delivery of consumer services will be by electronic *on-line* interactive networks such as home terminals and automatic teller machines."

The same day, Mr Deryk Weyer, chairman of Barclays Bank UK, told a European congress: "The only way to serve the mass of consumers economically is through the provision of cash, loans and savings facilities by electronic and mechanical means with the minimum of personnel and real estate."

What these representatives of two of the world's most advanced banks were really saying was that the customer will, in future, have to do more of the work which has traditionally been carried out by counter staff. The banks are moving from service to self-service. And their customers will serve themselves in their homes, in their offices, in their factories and stores.

The pace of change is startling:

● Some months ago, the tiny Verbraucher Bank in West Germany began a field trial, allowing its customers to check their bank balances, look through recent transactions, move money from one account to another and order cash for delivery by post—all from home, using the German equivalent of Prestel which links subscribers down a telephone line to a central computer. In the past few days, the mighty Deutsche Bank and a string of leading West German banking institutions have been forced to follow suit.

● Two major New York banks, Citibank and Chemical Bank are about to begin field trials of their home banking systems. The 200 or so customers taking part in the trial will be supplied with home computer terminals on which they will be able to carry out a range of banking activities similar to those found on the West German system. Chase Manhattan, Manufacturers Hanover and First Interstate are certainly close behind.

● Inside 12 months, Barclays Bank, certainly the most advanced British bank in the design of home banking systems, will be in a position to offer *its major corporate customers self-*service banking on their own premises using a computer terminal.

National Westminster is running it close. Senior branch managers are already taking courses on the new electronic systems.

Will it mean, as Mr. Weyer implied, an end to the local Branch? No, according to Mr. John Farnsworth, senior vice-president at Chemical Bank: "Over a period of time we should move, say, 50 per cent of payments to an electronic system, leaving a scaled-down structure to deal with the rest of it, smaller branches, more ATMs and so on. We are not going to close branches, we are not going totally away from paper-based systems."

### Automated tellers line the walls like phone booths

Self-service banking means replacing the human teller with a television-like screen on which information can be displayed and a keyboard through which commands can be directed to the bank's computer.

The screen and keyboard, which collectively make up a computer terminal, can be in the home (where the domestic television can be pressed into service as the screen) in the office, factory, or even in the banking hall.

In Japan, a cash-conscious society, the automated teller has been developed to a fine pitch. Rows of these devices line the walls of Japanese banking halls like telephone booths Japanese businessmen draw out thousands of yen from the machines at the beginning of the day and return the amount unspent at the end. The machine keeps track automatically and brings the customer's account up to date

The link between the customer's home terminal and the bank's computer is, quite simply, the telephone line. The customer calls the computer using the terminal, gives the appropriate codes and passwords to get access to his own account and requests information which is sent down the telephone line *to be displayed on his screen.*

In the U.S. the banks seem to have settled for home computer systems as their customer terminals. Citibank, for example, has invested heavily in a custom-designed terminal incorporating screen and keyboard which will probably cost between $700 and $1,200.

Chemical Bank, on the other hand, is using a modified home computer, the *Atari 400, with its* ancestry in video games. The Atari uses a domestic television set for its display and will probably cost less than $300 in volume production.

Customers are being provided with terminals free for the trials, but will have to buy or rent when the service goes into commercial operation, so pricing is critical. As Mr Clive Sinclair has shown in Britain, effective small computers and printers can be delivered in volume at well under £100.

*In Europe, however, the banks* are chiefly showing interest in viewdata-type systems, the British invention in which a modified television set can be used to display data sent down the telephone line from a remote computer.

Just as British Telecom provides the Prestel service, thousands of "pages" of information stored on BT's *computers which can be displayed* on a subscriber's television at the press of a button, the German Post Office provides Bildschirmtext. Verbraucher Bank had special computer instructions written by a UK software house, Systems Designers (SDL), to enable Bildschirmtext subscribers to gain access to their computer files, and, if they were account holders, to carry out home banking.

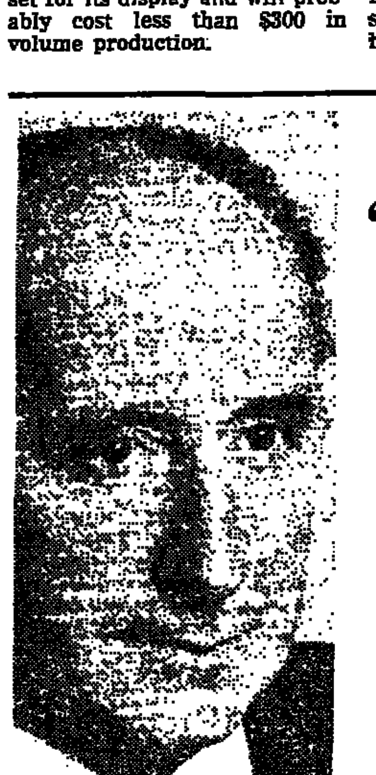
SDL is now very busy writing similar software for many of Britain's major retail banking operations. This clever set of computer instructions which make it possible for a subscriber to one set of computer files to have access to the files of another computer system altogether, is called a "gateway."

Last weekend, in the London offices of Fintel, the Financial Times viewdata operation, I was able (with Fintel's help) to get inside Verbraucher Bank's Hamburg computer and Deutsche Bank's Frankfurt computer, check currency exchange rates and compare interest rates for a DM 100,000 loan over 12 months. If I had had an account with Verbraucher Bank, I would have been able to check my bank balance and pay my bills for *wurst* and *bier*.

In the UK, Barclays is the first of the clearers to be granted a Prestel *gateway* licence. The significance of this is enormous. The gateway gives a Prestel subscriber a direct window into Barclays customer files.

Exactly how Barclays intends to use the gateway and what safeguards it will build in, is not yet clear, but some lessons can be drawn from Verbraucher Bank and Chemical Bank.

*The* Bildschirmtext gateway to Verbraucher Bank goes straight to the main computer, technically a little suspect because it could interfere with ordinary data processing, but secured by a wall of passwords. The customer has to give account number, personal identity number and up to three passwords before getting to his own account. These passwords can be *changed* each time the system is used. Each cash transaction is given a specific number used once only.



❛ The only way to serve the mass of consumers economically is through the provision of cash, loans and savings facilities by electronic and mechanical means with the minimum of personnel and real estate ❜

—Deryk Weyer, chairman, Barclays Bank UK

Chemical Bank, on the other hand, will not give its customers access to the bank's main files, but to facsimile records held on a separate computer and brought up to date nightly.

Why are the banks so set on a course which will put their much vaunted security at extra risk, which will considerably alter the traditional relationship between banker and customer and which will force banks to persuade their customers to buy expensive new equipment?

The answer is both opportunity and economics. Opportunity because home information systems are seen as a major growth area. Nobody expects a customer to buy a computer terminal or viewdata set simply to check his bank balance occasionally. But home banking is seen as a principal attraction in a package of computer based information.

All the banks are throwing in sweeteners. Chemical Bank will provide video games free. Verbraucher Bank enables the user to check his or her biorhythms. (Today is an accident-prone day. Pay bills now!)

But major business is foreseen in providing access to other computerised information such as news headlines, opening market prices, classified advertising and the home encyclopaedia. The bank would not be the information provider. It would simply act for a fee as the switch to other information sources.

This expanded role for the banks is attractive to the unions which otherwise see a serious threat to their members' jobs in home banking. Mr Hedley Woods, of the principal banking union BIFU, said: "It is one more turn of the screw. The banks are running a policy of keeping people in the dark. We are not opposed to change, but we are concerned at the lack of information. Expansion of banking services is crucial to the job security of our members."

### A sweetener: the user can check his biorhythms

The banks, nevertheless, have to cope with operating costs rising at 13 to 15 per cent a year while the number of customer accounts grows relentlessly. In the UK, staff recruitment has been curtailed. Pressure on space grows remorselessly in the prime High Street sites.

The UK banks say *that* nothing is settled, that home banking is well down their list of priorities and that the possibilities are infinite. There is no reason to doubt them. The technological decisions are very easy, but the policy decisions are very difficult. Will the customers accept the system? Will it give the bank a competitive edge? (Verbraucher Bank, *only a few years old, claims* spectacular growth to 90,000 accounts after its home banking trial.)

# Men & Matters

### The gift of the garb

Sharp-edged U.S. Secretary of State Alexander Haig was promoted yesterday into the list of America's 10 best-dressed men. His appearance abroad, said Alfonso Caprio had "given a much-needed short-in-the-arm to the U.S. clothing industry."

The *metaphor* may be apt—but it is misplaced. Haig, it turns out, gets his natty suits from the Leeds-based high street tailors John Collier.

Managing director David Hall tells me: "General Haig has bought his suits from us for some 20 years, ever since his first tour of duty in Europe as a major in the U.S. Army. We have only recently made up a number for him."

Haig, whose signed photograph hangs above Hall's desk in testimony to his satisfaction as a customer, got his first Collier suit—like thousands of other U.S. servicemen—from one of the 68 "PX" stores in Europe where the tailors' Alexandre division has concessions.

Present Nato commander General Bernard Rogers and several other top-ranking U.S. brass have all followed suit, so to speak.

Hall is now waiting for another possible and still more august customer to turn up for a fitting. For the U.S. Custom Tailors Guild has advised President Reagan—"he simply doesn't know how to dress"—to consult Haig about improving his habits.

### Bespoken for

We are in a very sartorially minded mood this morning, for I now have news of the new winter uniform which will be worn at the Stock Exchange. "A plain wool dress in either red or navy blue." writes my fashion correspondent, "with a tie at the neck and a bronze belt, worn with a silk and wool jacket in paisley on a red background."

But before senior partners start grumbling that the world seems to be going in some very funny directions behind their back, I should explain that this mode of dress will be required only of the guides—female, to a man—who explain the workings of the market to its 200,000 visitors each year. Jobbers may continue to dress in suits of any hue from charcoal to dark grey.

### Hot snakes

With more than £130,000 profit from an £8 investment, Michael Balfour is still puzzling over the fact that no-one else thought of doing it first.

After the publishing industry *generated by Rubik's Cube*, he expected a queue of bookmen to be waiting with solutions to the Hungarian professor's next contribution to the frustrations of family life. This is the Magic Snake—24 linked triangular pieces of plastic that can be uncurled from a rough sphere into hundreds of different shapes.

When it appeared, one-time accountancy trainee turned publisher and book packager Balfour got some kids to help unravel it, put the results together in a rough mock-up book, spent £8 on photocopies and set off to sell it at the Frankfurt Book Fair.

He has just returned with orders from all over the world for 1.32m copies of his 96-page paperback—and a profit already *for his Chichester-based* Keats House company of more than 16,000 times his outlay. Corgi will publish his "Magic Snake Shapes" in Britain. "They raised their original order twice, by 50,000 copies each time," he says.

Balfour claims with some justification to have pulled off the coup of the Fair. And as an author who knows how long it can take to write one page *is* still bemused by the speed of it all. *"It will be five and a* half weeks from the first idea to the finished book," he says.

### Reflect on this

"By the time Gheorghe Schwartz wrote 'Spitalul' he had already filtered his realistic examination, reduced the universe to essence and projected it on parabolic mirrors where psychology is almost suffocated by fiction."

—from a book review in "Romanian" magazine.

### Rude mechanical

I use those words advisedly. Which is to say that I am advised by British Telecom that you can, if you want to, abuse one another via Prestel. Those of you who have Prestel—I realise that I am addressing something of a special interest group—will find on page seven the lexicon of messages which can be sent on the Mailbox service (for free!), and a touch of tasteful abuse is included.

One problem: your message will arrive signed by its sender. *Go carefully* with your newfound freedom.

### Printed circuit

CMF46£(( ""½1½2Gk"GFY0932; shrdluRFTMDGOffwD...

Sorry, Pressed the wrong button. What that should have said was—"According to the magazine *Microcomputer Printout*, properly-programmed computers are perfectly capable of writing plausible newspaper articles." Which may be true, but I fear that I have already demonstrated how easily the ghost may creep into even the best-planned machine.

What Microcomputer Printout did was to organise a readers' competition for the best Grub Street programme. The prizewinner produced a fairly neat labour relations package capable of conjuring up the prospect of "selective strikes unless first-class productivity bonuses were introduced eventually . . ." Which was all very well, except that the sample story then attributed those comments to a "Silly cone-chip union representative." Which could, of course, just be an example of built-in media bias.

So who will be first in the early retirement queue as the machines continue in their inexorable progress? Here, I regret to say, Printout publisher Julian Allason descends to sentiments more suited to a third-rate vaudeville artiste. "We think it is just a matter of time," he sneers, "before journalists are replaced by computers . . . the diarists will be the first to go."

"TF=78 (4+5): IF TT GOTO X=&&£" is all I have to say to that. But fear not. May bark is worse than my byte.


"You would think they had enough disgruntled passengers already"

**Observer**



هكذا من الأجل

HUNGARY 25 YEARS ON

# The Eastern bloc success story

By Paul Lendvai, recently in Budapest

THE SMALL restaurant opposite the main political prison in Budapest is packed every night. Its menu is a mixture of Japanese, Chinese and other oriental dishes, but despite that it has a special, and uniquely Hungarian flavour.

Twenty-five years after the 1956 Hungarian uprising, it is in many ways a symbol of the changes which have transformed Hungary from a sullen country to the showpiece of the Eastern bloc.

The manager and co-owner of "The Duck" is a former waiter at the Budapest Intercontinental Hotel who also holds an economics degree and helped draft the legislation which now gives greater scope for private enterprise than in any other East European country.

But that is not all that makes The Duck such a powerful symbol. For Mr Sandor Hegedues, the manager, is the son of Mr Andras Hegedues who was Prime Minister of Hungary on the grim October day in 1956 when the revolution began.

The uprising destroyed the Stalinist dictatorship and within 13 days transformed Hungary into a multi-party system. Premier Imre Nagy proclaimed the country neutral and left the Warsaw Pact. By November 4 —when 50,000 Soviet soldiers and 2,000 tanks had begun to suppress the revolution — Mr Hegedues was in Moscow, after fleeing in an armoured car to Budapest's military airport.

Sitting in the restaurant owned by his son and slowly drinking a glass of excellent white wine the ex-premier said quietly: "I was, even before my resignation on the night of the 23rd of October, politically dead. Had I—and of course Rakosi and Geroe (the hated Soviet-trained party leaders)—given up power earlier, the tragedy could have been averted."

In a very real sense, the fate of Mr Hegedues, who at the time of his flight from the wrath of the Hungarian people was only 34 years old, reflects the amazing changes, turns and twists of post-1956 Hungarian history. The son of a peasant and one of the relatively few Hungarians who fought against fascism and German occupation, Mr Hegedues underwent a total and genuine change in personality and outlook after his return from Moscow in 1958.

After his condemnation of the invasion of Czechoslovakia in 1968 Mr Hegedues gradually lost his teaching jobs and in 1973—at the time of a short-lived offensive by hard-liners—he was expelled, along with *other critics of the party-line,* from the Communist Party. But he has been allowed to travel abroad and to write, and it was he who in 1978, in a much-discussed and highly controversial *piece in the Economic* Review, argued in favour of a much larger role for individual entrepreneurs and cooperative ventures. Today his son translates into reality the theoretical *ideas of his father.*

Hungarian refugees on their way to Vienna in 1956.

Nor could anything show the amazing changes in Hungary better than the fact that Mr Janos Kadar, the veteran party leder who spent five terrible years in prison at the very time when Mr Hegedues was making his meteoric career, is now criticised by the former premier from a position of what he calls "creative marxism."

It would be a mistake to exaggerate the importance of dissidents such as Mr Hegedues in Hungary. Ironically, the ablest and most irritating activists are the sons *and daughters of former Com*munist leaders and high-ranking security police officers. They attack the Kadar-line from leftist positions. Sociologists, artists and members of the free professions founded a movement (called after its Hungarian initials SZETA) to support the poor.

On the whole, however, most, if by no means all, Hungarians would agree with those who maintain that "we have never had it so good."

Hungary is the only Warsaw *Pact country where there is* plenty of meat, fresh fruit and vegetables. The value of food exports to the West has trebled within a decade to $1bn a year. Mr Kadar's policy of "live and let live," of consequently—and not just rhetorically—promot*ing the small private plots of* the collectivised farmers and private initiative in all fields, has paid handsome dividends.

The thousands of dead and tens of thousands of wounded victims of the 1956 uprising have not been forgotten. But 44 per cent of the almost 11m Hungarians are under 30 years old. *To them and even to those* who were teenagers in 1956 Mr Kadar embodies the maximum that Hungary (where two Soviet tank and two motor rifle divisions are still stationed) can hope for under present circumstances. The upheaval in Poland has so far strengthened rather than weakened Hungary's special position

Mr Kadar, the erstwhile metal-worker and party work, who was revilled as a Soviet stooge in 1956, is regarded today, even by his former opponents, as the single most important guarantee of political stability and a tolerable way of life in Hungary. As a man who was a close collaborator of the executed revolutionary Prime Minister, Imre Nagy, put it to me "Kadar shows the crucial role of the personality *even under our kind of regime.* He may go into history as the most outstanding Hungarian politician of this century." No wonder that the succession to Mr Kadar, who will be 70 next May, may emerge in the 1980s as the most serious question mark *concerning* the viability and durability of the Hungarian way.

# Good management—and a note of regret

TALK TO the officials, central bankers and managers who have masterminded the economic reforms which underpin Hungary's current prosperity and political tranquillity and there is a note of regret—that the reforms were not implemented earlier.

Compared with the rest of Eastern Europe Hungary stands out as a paragon of change and experimentation. But it took *13 years before Hungary's poli*tical and economic managers summoned up the courage to tackle the second stage—reforming the industrial ministry system inherited from the Stalinist past.

The first step in this direction was taken at the start of this year when the three "branch" ministries for heavy industry, metallurgy and the machine building industry, and light industry were merged into a unified Ministry of Industry.

More bureaucrats are expected to lose their jobs as other ministries, relics of the formerly centrally controlled economy, are merged and reorganised to reflect the devolu*tion of decision making to the* enterprises.

Logically this process should have taken place *pari passu* with the other changes which have taken place since 1968. But the path of the "new economic mechanism" has not been a smooth one.

In the mid-1970s the inability of many old-style managers to cope with the demands of trying to run profit-orientated enterprises and union resentment at demands for higher productivity combined to force a slow-down and the granting of subsidies to inefficient companies.

Thus it was only in 1977, nearly ten years after the *reforms started and 21 years* after the 1956 uprising, that full scale economic reform received the political backing it required. The stimulus for this was the energy crisis and clear evidence that without greater efficiency resource-poor Hungary faced economic stagnation at best as the terms of trade moved drastically against it.

Over the last five years however a quiet revolution has taken place as subsidies have been slashed, agricultural and industrial input prices raised to international levels and the Forint revalued against both Comecon and Western currencies.

Macro-economic management is *now* very largely in the hands of the sophisticated bankers at the National Bank of Hungary which not only manages all Hungary's foreign borrowing but also acts as merchant banker to Hungary's profit oriented managers.

Enterprises wishing to borrow have to submit their plans to close examination by the bank's credit committee. Its members have to be convinced that the project will generate hard currency to the value of the loan within three years and show a minimum 12 per cent net return. More than $900m in increased export receipts have resulted from such loans so far. This has played an important role in slashing Hungary's hard currency deficit from a high of $1.2bn in 1978 to just over $500m in 1979 and a surplus of $154m over the first half of this year.

But it has not been a painless process. The shops are fuller but prices have risen and wages have barely kept pace. Economic growth has fallen to practically zero as investment has been cut and inefficient plant taken out of production. Exports have been dampened by recession in the West. What is more the relative loss of job security, the new powers given to managers and the prospect of greater wage differentials as incomes are more closely linked to profitability are all potential areas for labour conflict.

**Anthony Robinson**

*Malcolm Rutherford's Politics Today on the Croydon by-election will appear tomorrow.*

## Lombard

# How policy has been paralysed

By Anthony Harris

WHEN A rabbit is caught in the headlights of a car, it dies because it does not know which way to jump. It panics, and becomes immobile. Unfortunately our supposedly dogged and courtageous economic team is beginning to behave in much the same way. Policy has become paralysed.

The retreat into timid traditionalism has had three causes: the Civil Service strike, the rise in American interest rates, and the Cabinet reshuffle. A relatively inexperienced junior team has been forced in a crisis to lean heavily on official advice instead of thinking for itself; and the officials seem largely to have been frightened at their own shadows.

The decision at the beginning of the Civil Service strike to allow liquidity to build up in the financial system was designed to minimise the financial effects on industry, but it carried known risks. A build-up *of liquidity in the markets* tends to undermine the exchange rate and to make the banks more aggressive in their search for new credit markets. This would suggest that a prudent regime would have involved a restraining hand on *the banks, and a series of clear* signals to the exchange markets —essentially financing some of the delayed revenue out of the reserves.

In the event the banks were not restrained, and lent the money their industrial custo*mers no longer needed to house* purchasers; and reaction to the slide in sterling was left dangerously late. Anyone can be excused for getting difficult judgments wrong; but the same people should not then fly into a panic at the results. They *should have been prepared for* this contingency.

Above all, the results of running risks deliberately courted should not be taken as a reason for scrapping longer-term strategies which were in place. Yet the temporary weakness in sterling has destroyed the strategy of rebalancing fiscal and monetary restraints, for the gain, lower interest rates, has been lost.

Still more illogically, the supposed irrepressible demand for consumer credit—really a marketing drive by the banks—has been read as a domestic argument for this backsliding. It also seems to have revived the doctrine of crowding out in its crudest form; the Cabinet is again wasting its emotions in the search for spending cuts which would not reduce the public sector borrowing requirement much even could they be achieved, and at the same timing talking hopefully of scope for future tax cuts should the economy improbably revive despite recent measures. Deflate in a slump, reflate in a boom; it is a mad rule, as Professor Terry Burns and Mr Nigel Lawson (the saddest loss at *Great George Street*) have pointed out.

Finally, a mute but eloquent symbol, the supposed funding crisis which resulted again from the Civil Service strike and the subsequent decision to postpone tax collections for administrative convenience has its mute but eloquent symbol—an unsold tap priced to yield 15.77 per cent.

The tragedy is that the technical advice which has created this mess has come from people who do not believe in the Government's strategy, and thus cannot see the promise of measures which might have made it more workable.

The new system of monetary control was one element; it was meant to make the system more *market-responsive. Instead* it is simply a new technique for old style emergency rises in Bank Rate. Indexed stocks were meant to smooth funding, and reduce the biggest and most illusory figure in public spending, debt service. Mr Lawson's *giant oil sale* is simply another way to get the same result, but the scale is inadequate.

In a more orderly system, there might be time to think of more meaningful targets for fiscal and monetary policy—the underlying deficit, and the value of money. But this can only happen if Ministers resist the panic of the traditionalists, and listen, before it is too late, to the advice of those who actually believe in what they are trying to do.

# Letters to the Editor

## Positive response to Third World needs

*From Mr Bowen Wells, M.P.*

Sir,—The Prime Minister is at present attending the Summit Meeting of leaders of 22 major countries at Cancun in Mexico, called to consider how the proposals in the Brandt Report for international development can be implemented. In my view, this conference is potentially very important because a positive response to the needs of the Third World could quickly begin to reduce unemployment here in Britain and throughout the "developed" world and at the same time make a contribution to eliminating the deaths by starvation of 800m of our fellow human beings living in the south (or less developed countries).

As the Prime Minister said in Melbourne, the real way forward is to expand the total wealth of the world and not to try and redistribute the inadequate wealth we possess. As an example, this means expanding as a first step agriculture and horticulture so that the less developed nations can feed themselves. To do this, these countries will require irrigation, a pure water supply, pumps, energy, hybrid seeds, teachers, agriculturalists, administrators, managers, accountants, etc. Employment would be generated in the "developed" world by manufacturing these items and providing the human talent listed. However, such provision must be paid for. Only a small, but vital, part can be expected from the largely government provision of aids or grants. The rest must come from export trade particularly of raw materials and agricultural products from the underdeveloped nations. Britain must therefore urgently seek ways to purchase their produce and some manufactured goods without causing massive disruption to our own industries.

None of this will take place either in Britain or overseas unless an attempt is made to regulate the volatile exchange rates and interest rates which have prevailed since the collapse of the Bretton Woods system because business cannot flourish, plan ahead or invest if it cannot predict more accurately than at present. Trade flourishes on sound money.

I conclude, as I spoke in the House of Commons debate on Brandt on July 24 that we should urge the Prime Minister to seek an international financial settlement, to establish means by which trade can be assisted, and as a token of our sincerity in seeking to assist the development process to restore the £63m cut in Britain's overseas aid budget this year and give this sum to the Commonwealth Development Corporation specifically for investment in agricultural projects in the poorest countries. The Select Committee on Foreign Affairs, including all the Conservative members voted in favour of such a policy in their written report on Brandt. I would urge your readers to write to the Prime Minister to take up these priorities in her discussions.

Bowen Wells.
(Hertford and Stevenage),
Member of Foreign Affairs Select Committee.
*House of Commons, SW1.*

## Fare changes and free economics

*From Dr M. Desmond Fitzgerald.*

Sir, — Considerable publicity has recently been given to the high cost of the fare cuts introduced by the Labour majority on the Greater London Council. However, little or no evidence is presented by either side as to *the potential* effect on London Transport revenues of increased demand associated with the cuts. I was always taught that the impact of price changes on revenues depended on the price elasticity of demand. Without any estimates of this, and since nobody has put forward any I presume good estimates do not exist, all one can say is that London Transport revenues are just as likely to go up as go down following implementation of these fare cuts. Thus the sort of knee-jerk reactions from the GLC Conservative group and much of the media seem out of place. There is nothing inherently Socialistic about the GLC's fare-cutting decision — nor is it at all inconsistent with free market economics. Indeed while I am sure I would disagree with Mr Ken Livingstone on virtually every other topic, I would, speaking as a libertarian economist, like to congratulate him and his collagues on instituting a valuable economic experiment which will provide us with notable insights into the structure of transport demand. If, as I half suspect, it turns out that revenues are not reduced by these fare cuts, then a useful lesson could be drawn for the pricing policies of other nationalised industries, particularly British Rail.

Dr M. Desmond Fitzgerald.
*Centre for Banking and International Finance,*
*The City University,*
*Barbican, EC2.*

## Legislation to limit rate rises

*From Mr Tony Travers*

Sir,—Robin Pauley's article (October 19) made clear the difficulties facing local authorities in 1982-83 when they will be expected to spend at or under a number of different expenditure targets. Such targets are part of the Government's effort to reduce local government current spending.

Each time the Government introduces a new scheme to reduce this spending, results are unpredictable. Recent efforts have had quite the opposite effect to those intended.

The proposed legislation to limit rate rises is, according to Ministers, intended to affect only a handful of high-spending councils. Yet if only the Greater London Council, Inner London Education Authority, Lambeth, Camden and a couple of others are hit, the reduction in the national overspend will be slight. Either a much bigger number of authorities will have to be affected, or other attempts to influence spending will have to be used in addition to rate limits.

This offers the prospect that the new legislation, involving a target spending figure for each council, will be used alongside a separate exercise to "hold back" grant from authorities which overspend on a wholly different set of targets. A third target figure will be used as part of the grant distribution machinery. Other targets will be used for other purposes.

The increasing complexity and failure of Environment *Department solutions to* Government problems derive from civil servants producing off-the-cuff-technical solutions to long-term problems in the system of financing local government. In so doing, the traditional relationship between local government and the centre is inevitably threatened.

Tony Travers.
*7, Furnival Mansions,*
*Wells Street, W1.*

## Discredited current cost accounting

*From Prof D. R. Myddelton.*

Sir, — The president of the Institute of Chartered Accountants in England and Wales says the credibility of the auditor will be gravely damaged unless an Audit Commission is seen to be independent of the central government. What a pity, then, that the credibility of the institute itself as an independent body has been so gravely damaged by the way its council cravenly obeyed central government instruction on inflation accounting, against its own independent judgment and in conflict with the wishes of a majority of its members.

Now that the politicians' preferred method of *not* accounting for inflation (current cost accounting) is so discredited by its theoretical shortcomings, complexity, subjectiveness and incomprehensibility, the way is clear to reintroduce the obvious and best solution — constant purchasing power accounting.

D. R. Myddelton.
*Cranfield School of Management, Cranfield, Bedford.*

## Terms of contract at auction

*From Dr R. G. Lawson*

Sir,—The secretary of the London and Provincial Antique Dealers' Association, Philip Broadbridge, was entirely correct in his letter to you in pointing out the privileged position which auctioneers enjoy in relation to consumer law. It is too often overlooked, although the Director General of Fair Trading has recently drawn attention to the fact, that the Unfair Contract Terms Act, 1977, states it to be an irrebuttable presumption that sales at auction are never to be regarded as consumer sales. The effect of this is that auctioneers can make full use of exclusion clauses in respect of their sales and do not have to submit those clauses to the test of reasonableness.

Not only that, but if the private status of the seller is revealed to the buyer before the auction, the buyer does not benefit from the implied terms as to quality and fitness for purpose implied into other contracts of sale by the Sale of Goods Act, 1979. In sharp contrast, antique dealers, who compete with auction houses for the same market, have the full weight of the Unfair Contract Terms Act and the *Sale of Goods Act* placed upon them. The Law Commission is now examining the Sale of Goods Act to determine if it meets the needs of the 20th century consumer. Here is plainly one way in which it does not; it is to be hoped that the *Law Commission* is quick to recognise the injustice of the present position.

R. G. Lawson,
*Camlin House,*
*56 Solent View Road,*
*Gurnard, Isle of Wight.*

# McKechnie tumbles £6m but maintains dividend

DESPITE A better second-half pre-tax profits of McKechnie Brothers, engineer and manufacturer of non-ferrous metals and chemicals, fell sharply from £15.45m to £9.28m for the 12 months to July 31 1981 on sales lower at £132.9m, compared with £138.8m.

By the interim stage taxable profits had fallen by £4.09m to £4.14m: there was no forecast for the full year.

The directors say the strong performance of overseas companies and associates and the unsatisfactory level of demand in the UK persisted in the second six months. Any significant uplift in profit in the UK, they add, has to wait an improvement in the UK economy.

In South Africa demand is slowing but the economy still shows growth and in New Zealand the directors are hopeful of repeating 1980/81 profits.

Although stated earnings per share dropped from 21.9p to 13.3p basic and from 21.2p to 13p fully diluted the total net dividend is being held at 7.2765p per 25p share by a same-again final of 5.2765p.

The pre-tax surplus included share of profits of associates amounting to £6.45m (£5.65m) and was after interest charges up from £2.28m to £2.73m. Tax was much lower at £2.37m (£5.6m).

Profits exclude depreciation on unsold metal stocks of £279,000 after tax which has been transferred from stock reserves. Last year there was an appreciation of £172,000 which was transferred to stock reserves.

After minorities of £495,000 (£328,000) the attributable balance was £6.42m (£9.53m) before extraordinary items and £6.44m (£9.38m) after extraordinary items.

Current cost accounting reduces the pre-tax figure to £5.39m (£8.24m) and basic earnings per share to 5.5p (5.7p) and fully diluted to 5.4p (5.6p).

**• comment**

McKechnie has delivered slightly less than expected in the way of pre-tax profits; hopes of a better second half had nudged market estimates up towards £10m, and the company itself is rather disappointed with today's £9.3m. The proportion of earnings arising in the UK is almost down to the 26 per cent experienced in the trough of 1975. The UK profits have been marked by £0.75m of above-the-line rationalisation costs, but even making allowance for that, they make a depressing contrast even with 1980. The decline is more than 70 per cent. The gloom is relieved by contributions of £5.6m from South Africa and over £2m from New Zealand. It is clear that South Africa is beginning to run out of steam—there was a slight fall in associate income between the two halves—but it will remain a vital source of earnings pending a UK recovery. At 98p (up 1p) the shares yield 11.2 per cent, covered 1.2 times by historic earnings; the comparison with IMI on this basis is finely balanced.

# Walker & Homer in black again

FOLLOWING A strong first-half a return to the black has been achieved by Walker and Homer, the upholstered furniture maker, with pre-tax profits of £29,457 in the year to July 31 1981, after £819,755 losses.

Turnover was an identical £6.11m. By the halfway stage, when the taxable surplus reached £42,480, a reorganisation which commenced last year had been completed. Liquidity was enhanced by the sale in February of a Stockport factory.

Earnings per 5p share are given as 0.46p compared with 10.18p losses. No dividend has been paid since the 1978 net total of 0.9p.

Credits of £2,788 (£99,706) were made for tax, and £19,073 for extraordinary items—the net surplus from the sale of properties. Last year £136,673 was debited at this level, comprising closure costs and an adjustment to the previous year's property profits.

The attributable profits thus amount to £51,318—against £856,722.

CCA adjustments result in pre-tax losses of £16,093 but attributable profits of £5,768. In this way there was a loss per share of 0.19p.

# Brown & Jackson raising £1.33m by one-for-two

Brown and Jackson, the construction to mail order group, is raising £1.33m by a rights issue of 6.67m shares at the par value of 20p. Shareholders are being offered one new share for every two existing shares, but the issue has been fully underwritten by the company's brokers—Margetts and Addenbrooke, East Newton. Sub-underwriting has been arranged with two private companies, one of which is understood to have a substantial holding in B. and J.

The directors state that since the last audited balance sheet was drawn up on December 31 last year, the holding company's bank borrowings have risen by over £3m. In view of recent increases in interest rates, they consider it prudent to raise further equity capital, to reduce these borrowings in the short term and enable resources to be concentrated in those subsidiaries where they are most needed. They say that the issue will enable the holding company to reduce its capital gearing from about 40 to 21 per cent.

Recent trading in the group's consumer and building interests has been adversely affected by the continuing recession. In addition, it was necessary to charge an exceptional loss estimated at £400,000 against half-yearly trading profits (up to June 30) of £447,000. In the circumstances, the interim dividend was passed.

Trading continues to be difficult and margins remain depressed. Any final dividend will be dependent onthe overall result for the year to December 31. The directors say that, in general terms, it will amount to not more than half of the current cost of earnings attributable to the enlarged number of shares.

The final dividend recently paid in respect of 1980 amounted to 5p a share, costing approximately £667,000.

The shares fell to 20p yesterday, where the enlarged capital is valued at £4m.

Details of the issue will be sent to shareholders today. Dealings in the nil-paid shares will begin on October 26, and the last date for acceptance is November 13.

See Lex

## HIGHLIGHTS

After another bad day for gilt-edged, with prices falling a point and dragging equities down in their wake, the Lex column discusses the monetary position in the light of the Treasury's call for further spending cuts and pressure on interest rates. Hoover is closing down one of its three plants, reducing its workforce by about a quarter and postponing the day when it will return to the black. Lex also considers the latest proposals for taxing North Sea oil, before moving on to the £1.3m rights issue from Brown and Jackson, underwritetn at the market price.

# Receivers called in at PMA

THE Receivers have been called in to PMA Holdings, the furniture manufacturing group, which showed losses of £681,000 in the first half of 1980/81. Earlier yesterday the company's shares were suspended at 17p, valuing the company at just over £1m.

Price Waterhouse has been appointed Receiver at the request of the debenture holders—three of the company's bankers. The companies affected are Bridgecraft Furniture, Harris Lebus and J. Ellman, but exclude PMA Ireland.

The Receivers said yesterday that trading was continuing as they sought buyers for the businesses as going concerns.

The company announced earlier this month that the 1980-81 results would be delayed because of continued disruption due to the current reorganisation plans.

The first half loss was struck after interest charges up from £395,000 to £716,000. To reduce high borrowings, PMA earlier this year announced a rights issue in convertible shares. At the same time, the group announced the sale of Eadyship International, including Gower Furniture, for £2.4m and a sale and leaseback on Gower's factory for £1.9m.

The company had been hit hard by the acquisition of Harris Lebus where losses were heavier than expected. At the beginning of the year borrowings of the PMA group stood at £8.8m and were expected to fall to about £3m following the rights issue.

## WCB-CLARES

The name of WCB-Clares has been changed to Clares. This change has been made to bring the company name into line with the marketing strategy adopted over the past years of promoting "Clares" as an identity directly linking with the registered product trade marks

# Poor second half for Wm. Low

A SHARP decline in profits in the second six months has left Wm Low and Co with a taxable surplus well down at £1.32m, compared with £2.24m, for the year to September 5 despite an improvement in turnover from £94.83m to £109.17m.

At mid year this Scottish-based supermarket and freezer centre operator returned pre-tax profits £93,162 lower at £835,756.

The directors warn that the company's budget for the current year indicates that profits are going to be squeezed by rising expenses and by substantial interest charges at the "very time when it is in the middle of a substantial, and in the longer term, beneficial programme of reinvestment."

The taxable profit was struck after interest charges of £511,929 (£370,013) and included a gain on the sale of assets of £327,394 (£88,202).

Tax was lower at £219,596 (£467,505) and after extraordinary debits of £644,915 this time relating to the closure of Lowfoods, the fast foods subsidiary, the attributable balance emerged well down at £959,777, against £1.77m.

Stated earnings per share fell to 23.13p (25.55p) but a final dividend of 5.4p maintains the total at 7.5p net per 20p share.

On a CCA basis the pre-tax figure increases to £1.4m (£1.93m).

The directors say that two superstores were opened during the year and the policy of replacing smaller, out-of-date units with new and large ones is continuing.

**• comment**

Wm Low can blame store opening costs at Kirkcaldy and Cumbernauld for some of the apparent pre-tax profit shortfall but the underlying trend shows a drop in net margins—the gross has just about been maintained—which is not set to recover very quickly. Excluding asset disposal proceeds, operating profits are down by a fifth despite a 15 per cent rise in turnover. The fast foods market has claimed another scalp and the price Low has paid to extract itself also takes in a charge of £260,000 above the line. The current year will see a slowdown in the rate of store opening—confined to a new 12,000 sq ft store at Grangemouth opening next April—but the pace will be quickening again in the following year when perhaps three new superstores should be coming on stream. This determination to continue the expansion programme at a cost in excess of cash flow has already taken capital gearing up to 45 per cent, according to the last balance sheet, and total debt is on course to rise still further. Until volume growth returns to the Scottish food retailing scene, the shares are going to look vulnerable at 152p, down 4p yesterday, where the historic fully taxed p/e of 11.6 is rather too reliant on fading bid hopes.

# Atlas Electric higher

IN THE half year to September 30 1981 Atlas Electric and General Trust increased its net revenue after tax from £2.18m to £2.21m and the interim dividend is being maintained at 1p net per 25p share.

The revenue of this investment trust was made up of franked investment income of £2.75m (£2.74m), unfranked investment income of £922,313 (£850,560) and short-term deposit interest of £314,251 (£312,482). Management expenses came to £161,464 (£131,205) and debenture and loan interest took £449,500 (£406,012).

After tax of £1.16m (£1.18m), preference dividends of £73,500 (same) and ordinary dividends of £1.08m (same) the retained balance emerged at £1.06m (£1.03m).

At September 30 1981 investments were valued at £134.86m (£139.53m at March 31 1981) and net assets per share were stated at 117.7p (121.5p at March 31 1981).

## MINTY DIVES

A £113,495 drop in pre-tax profits was shown by Minty, furniture manufacturer, for the six months to August 1 1981. The taxabzle figure was reduced to £3,279. The net interim dividend is reduced from 3p to 2.5p—last year's final was 7p.

At the AGM in June the chairman stated that the economic climate was continuing to have a disastrous effect on furniture sales.

# Rowe Rudd's investment diamond group halts trading

BY CHRISTINE MOIR

Diamond Services Holdings, a company formed by former stockbrokers Rowe Rudd for private clients to participate in the investment diamond indstry, has ceased to trade.

Rowe Rudd formed the company in January 1980 to take over Diamond Selection, which operated a service whereby investors could buy and sell investment diamonds, and Diamond Grading Laboratories, which provided a sopisticated grading system and issued certificates for individual stones.

The companies ceased to trade last Friday and stones held in custody for investors have been returned to them.

Mr Malcolm Posgate, a partner of Rowe Rudd and a former chairman of Diamond Services Holdings, said that the diamond market had been weak all year and sales of investment stones had been disappointing. It is also believed that the highly technical grading system had failed to attract sufficient customers.

As a result the group was making losses, and Mr. Posgate said the board had decided to cease trading to "stop the haemorrhage."

Diamond Selection had sold investment diamonds to individuals who could then opt to put their names on a resale list though the company had no obligation to resell them.

Now the company has made arrangements for an agency to undertake any sales on behalf of holders. Mr Posgate said that the company "would not be advising customers to sell diamonds in the present climate."

He added that Rowe Rudd remained interested in diamonds as an investment and when the climate improved would be considering setting up a diamond investment fund.

Diamond Services is the second company set up by Rowe Rudd to have run into difficulties in recent months. In August American Communications Industries, the U.S. film maker brought to the USM market last November by Rowe Rudd, announced plans for a capital reconstruction.

Yesterday Mr Tony Rudd, who is a director of ACI said that agreement of all parties had still not been reached for the reconstruction.

Rowe Rudd opted to abandon stockbroking earlier this year to concentrate on investment management and corporate finance. Mr Rudd said that the final accounts of the broking operation were completed a month ago but he remains a member of the Stock Exchange.

He said that he was under "no pressure at all" to remain a member and that if he stayed on as an unattached member he would "really not mind."

# Sphere Investment unchanged

Revenue after tax of Sphere Investment Trust for the six months to September 30 1981 remained unchanged at £1.02m, and the interim dividend is being maintained at 2.85p net per 25p share—as the directors' current estimates indicate little overall change in net revenue for the rest of the year.

Last year a total dividend of 6.25p was made on revenue after tax of £1.93m.

Franked investment income amounted to £1.26m (£1.29m), unfranked investment income was £489,979 (£354,335), interest from short term deposits £82,897 (£110,546) and other income came out at £27,909 (£27,748).

After management expenses of £109,313 (£80,069), interest costs of £316,444 (£174,344), tax of £518,340 (£506,491), preference dividends of £21,569 (same) and ordinary dividends of £846,450 (same) the retained balance emerged at £147,434 (£151,337).

At September 30 investments were valued at £68.74m (£62.89m) and the net asset value per share was stated at 206.6p (192.3p).

# Black Horse Life declares first bonus

Black Horse Life, the life company arm of Lloyds Bank, yesterday announced its first bonus declaration applicable to its with-profit life contracts. It has declared a reversionary bonus rate of £4.50 per cent compound for the year to September 30 1981 applicable to policies in force on October 1 1981.

This rate of 50p higher than the interim rate has been in force since the company launched its with-profit contracts on October 1 1980.

The company has also declared a terminal bonus at the rate of 10 per cent of attaching bonuses. But for the time being, such bonuses will only be paid on death claims, since Black Horse will not have any contracts maturing until at least 10 years from the start of its with-profit business.

The current interim bonus rate is maintained at £4 per cent of the sum assured and attaching bonuses. The company intends in due course to revise its premiums on its with-profit low cost endowment assurances, to take account of the bonus declaration.

Black Horse Life had a mixed year for new life and savings business in the 12 months to September 30 1981. New annual premiums declined nearly one-quarter from £278,000 to £205,000, this drop coming from a decline in mortgage business.

The company launched its top-up mortgage scheme in the previous year with great success. In the year under review, business was slack reflecting a lower demand for such mortgages.

The company launched its main mortgage scheme on October 1 and already is reporting a good response, which, if maintained, will be reflected in improved new business results for the current year.

# DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Atlas Elect. & Gen. int. | 1 | Dec. 9 | 1 | — | 3.3 |
| Norman Hay ........int. | 1.25 | Dec. 5 | 1.25 | — | 3.1 |
| Jeavons Eng. ...sec. int. | 1.13 | Dec. 31 | — | — | — |
| Wm. Low .............. | 5.4 | Jan. 6 | 5.4 | 7.5 | 7.5 |
| McKechnie Bros. ...... | 5.28 | Jan. 2 | 5.28 | 7.28 | 7.28 |
| Minty ..............int. | 2.5 | Nov. 20 | 3 | — | 10 |
| Photax ..............int. | 1.5 | Nov. 28 | 1.5 | — | 3.5 |
| Presac .................. | 0.75 | Dec. 4 | 0.75 | 1.1 | 1.25 |
| Ramar Textiles .......... | 0.31 | — | 0.26 | 0.31 | 0.26§ |
| Selincourt ..........int. | 0.44 | Dec. 7 | 0.44 | — | 1.14 |
| Spencer Gears ........... | 0.5† | — | 0.65† | 0.75 | 1 |
| Sphere Inv. Tr. ......int. | 2.85 | Dec. 7 | 2.85 | — | 6.25 |
| Transvaal Cons Land¶ ... | 185 | Jan. 4 | 150 | 260 | 215 |
| Tyzack, Sons & Turner .. | 1 | — | 1 | 1 | 2.5‡ |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special payment of 1.5p. § For 57 weeks. ¶ South African currency throughout.

# EUROPEAN OPTIONS EXCHANGE

| Series | | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | May. Vol. | May. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $425 | 2 | 24 | — | — | — | — | $433 |
| GOLD C | $450 | — | — | 3 | 30 | 20 | 50 | " |
| GOLD C | $475 | 2 | 5 A | — | — | — | — | " |
| GOLD C | $500 | 5 | 2.50 | 6 | 14.50 | — | — | " |
| GOLD P | $400 | 9 | 3 | — | — | — | — | " |
| GOLD P | $475 | 5 | 41 | — | — | — | — | " |
| | | Jan. | | April | | July | | |
| ABN C | F.300 | — | — | 5 | 7 | 1 | 3.70 | F.282 |
| AKZO C | F.20 | — | — | — | — | — | — | F.21.10 |
| AKZO C | F.22.50 | 18 | 1.10 | — | — | — | — | " |
| AKZO C | F.25 | 5 | 0.70 | — | — | — | — | " |
| AKZO P | F.22.50 | 20 | 1.60 B | — | — | — | — | " |
| AKZO P | F.25 | 8 | 4 | — | — | — | — | " |
| HEIN C | F.45 | — | — | 2 | 6.50 | — | — | F.45.80 |
| HEIN C | F.55 | 20 | 0.90 | — | — | — | — | " |
| HEIN P | F.45 | 50 | 1.50 | — | — | — | — | " |
| HOOG C | F.15 | 53 | 0.80 | — | — | — | — | F.14.20 |
| HOOG C | F.17.50 | — | — | 55 | 0.80 | — | — | " |
| HOOG C | F.20 | 100 | 0.30 | 50 | 0.40 | — | — | " |
| HOOG P | F.17.15 | 10 | 1.20 | — | — | — | — | " |
| KLM C | F.80 | 5 | 25 | — | — | — | — | F.102.80 |
| KLM C | F.90 | — | — | 25 | 21.80 | — | — | " |
| KLM C | F.100 | 53 | 11.40 | 9 | 16 B | 5 | 18 | " |
| KLM C | F.110 | 89 | 7 | — | — | — | — | " |
| KLM C | F.120 | 145 | 5 | 3 | 7.20 | — | — | " |
| KLM C | F.130 | 104 | 3.80 B | — | — | — | — | " |
| KLM C | F.140 | 15 | 1.80 | — | — | — | — | " |
| KLM C | F.150 | 24 | 1.20 | — | — | — | — | " |
| KLM P | F.80 | 9 | 1.30 | — | — | — | — | " |
| KLM P | F.90 | 68 | 2.50 | 6 | 5 A | 5 | 6 | " |
| KLM P | F.100 | 72 | 6 | 8 | 8.50 A | — | — | " |
| KLM P | F.110 | 26 | 10.50 | 6 | 13.50 A | — | — | " |
| NEDL C | F.130 | 20 | 11 | — | — | — | — | F.136.50 |
| NEDL C | F.140 | 5 | 6 | — | — | — | — | " |
| NEDL C | F.150 | 6 | 2.90 | 5 | 7.80 A | — | — | " |
| NEDL P | F.130 | 21 | 3.20 | — | — | 27 | 8 | " |
| NEDL P | F.140 | 2 | 8 B | — | — | — | — | " |
| NATN C | F.115 | 5 | 2 | — | — | — | — | F.108.60 |
| NATN C | F.120 | 50 | 1 | — | — | — | — | " |
| NATN P | F.115 | 2 | 6.50 B | — | — | — | — | " |
| NATN P | F.120 | 5 | 11.50 B | — | — | — | — | " |
| PHIL C | F.17.50 | 6 | 3 | — | — | — | — | F.19.90 |
| PHIL C | F.20 | 39 | 1.30 | 107 | 2.20 B | — | — | " |
| PHIL C | F.22.50 | 227 | 0.60 | 73 | 1.10 | 11 | 1.50 | " |
| PHIL C | F.25 | — | — | 10 | 0.60 | — | — | " |
| PHIL C | F.27.50 | 5 | 0.20 | — | — | — | — | " |
| PHIL P | F.20 | 71 | 1.40 | — | — | 10 | 1.80 | " |
| RD C | F.70 | 6 | 11.50 | — | — | — | — | F.78.50 |
| RD C | F.80 | 99 | 5 B | 4 | 7.70 | — | — | " |
| RD C | F.90 | 248 | 2.20 | 10 | 4 | — | — | " |
| RD C | F.100 | 9 | 0.70 | 14 | 2 | — | — | " |
| RD P | F.70 | 203 | 1.10 | 13 | 2 | — | — | " |
| RD P | F.80 | 117 | 4.40 | 3 | 6.50 | — | — | " |
| RD P | F.90 | 45 | 12.50 A | — | — | — | — | " |
| RD P | F.100 | — | — | 2 | 23.50 | — | — | " |
| UNIL C | F.150 | 13 | 2.70 | — | — | — | — | F.140 |

TOTAL VOLUME IN CONTRACTS 2626
A=Asked B=Bid C=Call P=Put









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# Greenall buys hotel and golf complex

Greenall Whitley, the Warrington based brewery, wines and spirits and hotels company, has acquired the Belfry Hotel and Golf Complex, Sutton Coldfield, for an undisclosed sum.

This follows the sale by Ellerman Lines of their 87 per cent interest to Greenalls, who were previously minority partners in the joint development with a 13 per cent holding. Ellermans are withdrawing from their involvement with the Belfry because it does not fit in with their long term strategic aims.

The Belfry will become a wholly-owned subsidiary of Greenall Whitley, bringing the number of hotels owned by Greenalls to 36.

### MERCK APPROVAL

Mr John Biffen, Secretary of State for Trade, has decided in accordance with the recommendation of the Director General of Fair Trading not to refer to the Monopolies Commission the acquisition by Merck and Co of assets, jointly owned by Tate and Lyle and Hercules, for the manufacture of xanthan gum.

# Purchaser of Mason stake set for full Illingworth Morris bid

MR ALAN LEWIS, the Manchester financial who last week announced the purchase of a 19 per cent stake in the voting shares of Illingworth Morris, said yesterday that "everything was ready to make a full bid" for the company, the world's largest woollen textile business.

Mr Lewis acquired the voting stake together with 14 per cent of the non-voting shares from Mrs Pamela Mason, the Hollywood chat-show hostess and former wife of actor James Mason, in a cash deal worth £707,718.

Mr Lewis, who is using a private Isle of Man company, Abele, for the deal, also secured from Mrs Mason a six-month option to acquire a further 27 per cent share stake in IM for £327,908. This would be done by purchasing 60 per cent of the voting capital of Lothbury Investment Corporation and the 62 per cent of LOG Trust which is held by the Isidore Ostrer estate of which Mrs Mason is sole executrix.

But the option, which when exercised would trigger an obligation to make a full takeover bid for the company under the rules of the Takeover Code, is dependent on High Court aproval and the withdrawal of a petition by minority holders to wind up Lothbury and have a receiver and manager appointed.

Mr Lewis said he had been in touch with the Takeover Panel and all the details had been worked out for a full bid once the court action was out of the way.

Mr Lewis said that if he gained control of IM there were no plans for dramatic changes at the company. He hoped to "add to the existing expertise, financial experience and know how and bring the company back to its former glory."

Through one of his exporting companies he intended to expand the overseas activities of IM, he said. He would open up markets in the Middle East, South America and Africa.

He wanted to get common sense and clarity into the company and did not want to "fall out or fight" with anyone. There would be "nothing controversial" in his plans.

Mrs Mason has given an undertaking not to use her voting power to try to remove from office Mr Donald Hanson, the chairman, and Mr Peter Hardy, the joint chief executive, at the group's annual meeting next Monday. There is a counter-resolution by the UK directors to remove Mrs Mason and her son Morgan from the board.

Mr Lewis said Mrs Mason had left it in his hands to deal with the IM board but he "was not going to take sides."

Illingworth Morris said yesterday: "The only sufferer in the whole business is the company." Far too much board time had been spent on matters not connected with IM's business and this was to the detriment of the group. The employees were uneasy in their jobs and the problems required an early resolution.

## LONDON TRADED OPTIONS

Oct. 22. Total Contracts 1,540. Calls 889. Puts 651.

| Option | Ex'rcise price | Jan. Closing offer | Jan. Vol. | April Closing offer | April Vol | July Closing offer | July Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 280 | 30 | 1 | 38 | — | — | — | 292p |
| BP (c) | 300 | 20 | 2 | 28 | — | 38 | — | " |
| BP (c) | 320 | 15 | 28 | — | — | — | — | " |
| BP (c) | 330 | — | — | 18 | 1 | 28 | — | " |
| BP (c) | 360 | — | — | 10 | 2 | — | — | " |
| BP (p) | 260 | 2 | 2 | 12 | — | — | — | " |
| BP (p) | 300 | 25 | 68 | 34 | 1 | 40 | — | " |
| BP (p) | 320 | 34 | 10 | — | — | — | — | " |
| CU (c) | 130 | 15 | — | 20 | 3 | 24 | — | 133p |
| CU (c) | 160 | 5 | 2 | 8 | — | — | — | " |
| Cons. Gld (c) | 500 | 40 | 2 | 57 | — | 72 | — | 500p |
| Cons. Gld (p) | 420 | 5 | 4 | 10 | — | — | — | " |
| Cons. Gld (p) | 460 | 15 | 5 | 22 | — | 27 | — | " |
| Court'lds (c) | 50 | 6 | 11 | 9 | — | 11½ | — | 50p |
| Court'lds (c) | 60 | 2½ | 1 | 4½ | 2 | 7½ | — | " |
| Court'lds (c) | 80 | 1 | 17 | — | — | — | — | " |
| GEC (c) | 650 | 65 | 2 | 90 | — | 116 | — | 677p |
| GEC (c) | 700 | 37 | — | 60 | 1 | 87 | — | " |
| GEC (c) | 850 | 4 | — | 14 | 90 | — | — | " |
| Gr'd Met. (c) | 160 | 13 | 18 | 18 | 75 | 27 | — | 155p |
| Gr'd Met. (c) | 180 | 7 | 5 | 12 | 20 | 17 | 10 | " |
| Gr'd Met. (c) | 200 | 5 | — | 7 | 15 | — | — | " |
| Gr'd Met. (p) | 160 | 16 | 48 | 22 | 75 | 26 | — | " |
| Gr'd Met. (p) | 180 | 31 | 5 | 36 | 40 | 38 | 5 | " |
| Gr'd Met. (p) | 200 | 48 | — | 49 | 4 | — | — | " |
| ICI (c) | 240 | 29 | 5 | 40 | — | 52 | — | 256p |
| ICI (c) | 260 | 18 | 80 | 26 | 10 | 40 | — | " |
| ICI (c) | 280 | 10 | 31 | 20 | 5 | — | — | " |
| ICI (c) | 300 | 7 | 5 | 15 | — | — | — | " |
| ICI (p) | 240 | 12 | 25 | 17 | — | 19 | — | " |
| ICI (p) | 260 | 20 | 186 | 26 | — | 28 | — | " |
| ICI (p) | 280 | 30 | 4 | 34 | — | — | — | " |
| Land Sec. (c) | 260 | 34 | 1 | 45 | — | — | — | 283p |
| Land Sec. (c) | 300 | — | — | 26 | — | 28 | 2 | " |
| Land Sec. (c) | 312 | 7 | 2 | — | — | — | — | " |
| Land Sec. (c) | 335 | 2 | 2 | — | — | — | — | " |
| Land Sec. (c) | 360 | — | — | 4 | 100 | — | — | " |
| Mks & Sp (c) | 100 | 13 | — | 22 | 5 | 26 | — | 111p |
| Mks & Sp (c) | 110 | 10 | 11 | 13½ | — | 18 | — | " |
| Mks & Sp (c) | 120 | 5½ | — | 10 | 2 | 13½ | — | " |
| Shell (c) | 330 | 50 | 2 | 58 | — | 68 | — | 362p |
| Shell (c) | 360 | 26 | 3 | 38 | — | 48 | — | " |
| Shell (c) | 390 | 14 | 60 | 18 | 60 | 36 | — | " |
| Shell (c) | 420 | 6 | 112 | 8 | 25 | — | — | " |
| Shell (p) | 330 | 10 | 3 | 16 | — | 20 | — | " |
| Shell (p) | 390 | 42 | 1 | 44 | — | 46 | — | " |
| Shell (p) | 420 | 72 | 100 | 74 | — | — | — | " |
| | | November | | February | | May | | |
| Imperial (c) | 60 | 3 | — | 6½ | 7 | 6 | — | 59p |
| Lasmo (c) | 460 | 35 | 1 | 65 | — | 80 | — | 477p |
| Lasmo (c) | 550 | 10 | 1 | 27 | — | 37 | — | " |
| Lonrho (p) | 80 | 19 | — | 20 | 5 | 21 | — | 71p |
| P & O (c) | 100 | 4½ | 6 | 8½ | — | 12 | — | 98p |
| Racal (c) | 330 | 63 | 5 | 78 | — | — | — | 385p |
| Racal (c) | 390 | 15 | 5 | 35 | — | 48 | — | " |
| Racal (c) | 420 | 5 | 2 | 22 | 2 | 33 | — | " |
| Racal (p) | 330 | 3 | — | 9 | 1 | — | — | " |
| Racal (p) | 360 | 8 | 1 | 20 | 5 | 27 | — | " |
| Racal (p) | 420 | 39 | 29 | 47 | — | 52 | — | " |
| Racal (p) | 460 | 80 | 4 | 82 | — | 83 | — | " |
| RTZ (c) | 500 | 12 | 13 | 30 | 15 | 47 | — | 462p |
| RTZ (p) | 460 | 15 | — | 24 | 25 | 27 | — | " |
| Vaal Rfs. (c) | 60 | 9 | — | 12½ | — | 14 | 1 | $67 |
| Vaal Rfs. (p) | 60 | 1½ | — | 4¼ | — | 5½ | 1 | " |

C=Call P=Put



# South Crofty holding being built by RTZ

Rio Tinto-Zinc Corporation, the mining and industrial company, is building up a significant shareholding in South Crofty, the Cornish tin mining group controlled by Mr Jim Raper.

Although South Crofty's shares are suspended on the London stockmarket, RTZ has been acquiring shares from existing holders in an effort to increase its stake to around 10 per cent. So far RTZ holds 4.3 per cent.

RTZ described the move yesterday as one of "consolidation of our mining interests in Cornwall. Perhaps it will give us a bit more influence at South Crofty."

Shareholders of South Crofty are, it is understood, being offered around 25p per share for their holdings, which compares with a suspension price of 24p.

Saint Piran held a 59.74 per cent stake in South Crofty. When Gasco Investments, Mr Jim Raper's master company, acquired legal control of Saint Piran in May the Stock Exchange suspended the shares of South Crofty and another quoted subsidiary, Millbury, a housing development company.

Explaining its suspension the Stock Exchange said that it considered it "undesirable that a company having securities listed on the Stock Exchange should be under the ultimate legal control of Gasco and Mr J. J. Raper."

Asked whether it would be seeking board representation at South Crofty after it had built up its stake, RTZ said yesterday, "that is a matter for the future."

# Preussag decision about AMC bid may be delayed

A DECISION on whether Preussag will raise its offer for the 21 per cent of Amalgamated Metal Corporation it does not already own may be delayed until early next week, the company said yesterday.

However, the spokesman said that Preussag could make a decision by this weekend on whether it will increase its offer which is equal to 440p per AMC share, or 400p cash.

This follows the rival offer of 550p per share launched last Monday by Permodolan Nasional, the Malaysian Government-backed investment institution, which AMC was recommending as "fair and reasonable."

Preussag said that talks had taken place between the company's executives and the independent AMC directors, but it was not known whether Preussag had purchased any AMC shares since Permodolan made its bid.

Meanwhile, Permodolan announced that it had purchased 368,000 AMC shares on Wednesday—equal to 5.85 per cent of the total AMC equity.

# Three GKN subsidiaries taken by single buyer

MR WARWICK JONES, with the support of County Bank, has bought from Guest Keen and Nettlefolds the assets and businesses of three GKN subsidiaries. These have been formed into a company to be known as Tetherworth Engineering (Sheepbridge), which will retain the existing managements.

Mr Jones controls 75 per cent of the equity and County Bank 25 per cent, with an option to subscribe for a further 5 per cent. The three are:

Sheepbridge Equipment (Engineering Division), based in Chesterfield, which undertook general engineering and manufactured plant for the construction, mining and quarrying industries; Ritemixer of Reading, which was involved in marketing truck-mounted concrete mixers and concrete pumps, both of which were manufactured by the Sheepbridge division; and Literite, also Reading-based, which marketed portable lighting systems.

The management team intends to widen the product base, particularly in general engineering. Mr Jones, aged 34, last year sold his two engineering companies in the Midlands and the U.S.

### COPE ALLMAN INT. SELLS MORRISFLEX

Morrisflex, a subsidiary of Cope Allman International has been sold for cash consideration of £98,923. The purchasers agreed to provide Morrisflex with funds totalling £119,761 for the repayment of intragroup borrowings

Of the total cash payable, £175,000 was paid at completion of sale on October 21, and balance is payable on Nevember 21. No interest is payable by the purchaser on this balance between completion and payment.

# Braham Miller–Fieldwood extends offer

Barclays Merchant Bank has announced that the offer by Fieldwood for Braham Miller has been extended to October 28.

Acceptances have been received for 259,319 ordinary shares, 2 per cent of the capital.

Prior to the offer period Fieldwood held 1,746,400 ordinary shares (13.9 per cent).

Other than pursuant to the offer, no ordinary shares have been acquired, or agreed to be acquired, by Fieldwood during the offer period.

### NCB PENSION FUND

The increased deficit reported in yesterday's edition for the National Coal Board Staff Superannuation Scheme applied to the 1979-80 reporting period and not to 1980-81.

In 1980-81 there was no increased deficiency and no supplementary contributions were required from the National Coal Board.

As at April 5, 1981, the trustees of the pension fund recommended that pension payments be increased by 15.3 per cent and the actuary advising the fund agreed that the fund was able to meet an increase of that level from its own resources without the need for the Coal Board to make any additional contribution.

In the previous year, as a result of pensions increases and higher pay awards, the board was required to make additional contributions of £91.3m over periods ranging from five to 10 years to make up the increased deficit of the fund at that time. The confusion of the two years is regretted.

### SMITH WHITWORTH

Mr T. W. Borges and his family trusts have sold 1,192,875 ordinary shares and 2,102 preference shares in Smith Whitworth to Mr J. A. G. Barker. He in turn has sold 406,000 ordinary shares to C. H. I. Securities, of Swan Court, Waterhouse Street, Hemel Hempstead.

Mr Barker now holds 29.82 per cent of the ordinary shares and 25.23 per cent of the voting rights of the company.

C. H. I. Securities—owned by C. H. I. Industries—has acquired a total of 602,000 ordinary shares in Smith Whitworth making up 15.05 per cent of the ordinary capital and 12.28 per cent of the voting rights in the company.

### ASSOCIATES DEALS

J. Henry Schroder Wagg, on October 20, sold 60,000 Alexander Howden shares at 140½p on behalf of discretionary investment clients.

As brokers to Bardsey, Capel-Cure Myers purchased on October 19 19,009 ordinary shares of RCF at 24p on behalf of London and European Assets, a subsidiary of Bardsey.

### NU-SWIFT INDS.

NTA Freight (UK) has acquired 1,975,000 ordinary shares (9.875 per cent) in Nu-Swift Industries. All were purchased on October 14.

Nu-Swift manufactures fire extinguishers and extinguishing agents.

### ARGYLL/LINFOOD

Panmure Gordon and Co., acting on behalf of Argyll, purchased in the market 350,000 shares of Linfood Hldgs at 169½p. Argyll, together with an associate, now holds 11.39m ordinary shares or 25.77 per cent. Argyll also owns 550,000 Linfood 12 per cent convertible loan stock.

# Woodrush in move for 32% of Abwood

Woodrush Investments, a private company formed in March 1980 by Mr Denys Randolph, the former chairman of Wilkinson Match, and Mr Roger Petty, previously managing director of the Renwick Group, is to acquire a 32 per cent shareholding in Abwood Machine Tools, the Dartford-based machine tool manufacturer.

Woodrush is subscribing £80,000 in cash for new ordinary shares of Abwood at a price equivalent to 5p per share in such a way that Woodrush's eventual holding will be 32 per cent of the enlarged and reorganised share capital.

Brown Shipley Developments will subscribe for 40,000 10 per cent convertible cumulative redeemable preference shares 1988 of £1 each at par. If Brown Shipley chose to exercise its conversion rights the holding would amount to about 11.8 per cent of the ordinary capital as enlarged by the conversion.

Woodrush was formed with the intention of acquiring interests in businesses where its management expertise and cash will create an improved return on capital employed.

Abwood's bankers, Barclays Bank, and that of its subsidiary Precisionlap Machines, National Westminster, have indicated their willingness to convert some part of the group's overdraft facilities into term loans.

Mr Denys Randolph, Mr Roger Petty, and Mr Geoffrey Bizley have been appointed consultants to the board.

Following the subscription by Woodrush, Mr Randolph will be appointed to the board and become non-executive chairman. Mr Petty will be appointed to the board and become deputy chairman and Mr Bizley will be appointed a non-executive director.

Mr Geoffrey Suckling, the present chairman, Mr Harry Brimson and Mr George Lever will remain directors (but in the case of Mr Suckling on a non-executive basis).

Mr Suckling said yesterday that he believed the injection of new equity capital into Abwood and the development of close working links with Woodrush would strengthen the company and enable it to take full advantage of the upturn in business expected once the recession ends.

Shareholders' approval will be required for the deal and an extraordinary general meeting is to be called, the date of which will be notified to shareholders shortly.

Last month, Abwood reported a pre-tax profit of £30,383 for its financial year ending March 1981 compared with losses of £1.25m in the previous financial year.

# Johnson Group purchases control of U.S. company

Johnson Group Cleaners has acquired a further 65 per cent giving a controlling interest of 82½ per cent in Apparelmaster Inc. of Ohio, U.S. specialists in industrial garment rental systems for $812,500 each.

Apparelmaster, which provides systems including computer control and data processing for dry cleaners entering the garment rental business, has 300 licensees in the U.S., Canada, Australia and New Zealand. Johnson Group is the sole U.K. licensee and the acquisition will provide a base from which to develop in the U.S. A newly formed subsidiary, Johnson Group Inc., will be the holding company there.

### E. SCOT. ONSHORE/ ULTRAGLIDE

East of Scotland Onshore has invested £198,000 in Ultraglide of Montrose, Scotland, giving it 32 per cent of the equity. Ultraglide's management holds the remainder.

It is also announced by East of Scotland that Oilfield Inspection Services has postponed its intended application for an admission to the Unlisted Securities Market until next year. Since the publication of the prospectus on July 17 the OIS board had changed its mind in view of the state of the stock market.

# Better trend at Pressac Holdings

A RETURN to profitability at **Pressac Holdings** in the second six months to July 31 1981 has produced a full year pre-tax surplus of £107,294, against £259,332 previously. At half-time, the company, an electro-mechanical component manufacturer and precision engineer, reported a pre-tax loss of £112,000 compared with a profit of £276,000.

Referring to his interim statement, Mr G. W. Clark, the chairman, says the belief expresesd then that the worst of the recession was over for Pressac has proved correct. But the rate of improvement has been disappointingly slow.

However, in the opening months of the current year the company is ahead of the corresponding period of 1980. Also, it is now broadly established over a broad front of industry at home, in Europe, in the U.S. and the Far East.

With the amount transferred to reserve in previous years in mind, and since the present trend provides confidence, the company is maintaining the final dividend at 0.75p net. This makes a total of 1.1p (1.2584p) per 10p share. Stated earnings per share dropped from 1.41p to 0.2p.

External sales for the year slipped from £8.8m to £8.43m. There was a tax charge of £60,306 (£133,739) and after minorities and preference dividends, attributable profits were down from £112,647 to £16,094. The ordinary payments costs £88,000 (£100,672).

On a current cost basis, there was a pre-tax loss of £159,000 for the year.

# Jeavons turns in £0.3m halfway and on target for year

FIRST-HALF 1981 taxable profits of **Jeavons Engineering**, the company which was hived-off earlier this year by Pentos, amounted to £306,000. This was in line with the board's expectations, but compares with £493,000 for the same period of 1980.

Pentos, an industrial holding company which has been divesting itself of several activities, owned Jeavons, the UK's largest make of gas pressure regulators, for five years before returning it to public ownership in August with an offer for sale of 60 per cent of the equity. Pentos is retaining a two-fifths stake as a long term investment.

Although trading conditions in the UK remain difficult the interest rates have since been increased, the Jeavons board still expects the company to achieve the profit forecast of not less than £575,000 for the full year, says Mr T. A. Maher, the chairman.

In the longer term, he says the indications are that there will be increasing opportunities for the company's gas pressure regulators in the developing gas markets of the world and prospects in export markets for "Jevco" fittings are also encouraging.

He therefore believes that despite the weak home market, the opportunities for products abroad gives confidence for the future.

First-half sales dropped from £3.61m to £2.82m. Tax charge was lower at £46,000 (£199,000) on account of losses by construction, giving an attributable surplus of £260,000 (£294,000). Stated earnings per 25p share were down 0.6p to 4.6p.

As forecast the company is paying a second interim of 1.125p, which costs £63,000. A first interim of £140,000 is payable to Pentos as owner of all shares on July 24 1981. Last year, there was no interim and the final as a matter of Pentos policy was equal to attributable profit. A final of 1.125p has been foreshadowed for 1981.

Retained profits for the first six months fell from £294,000 to £57,000.

The half-year results are those relating to the company's ongoing activities and exclude sales of £1.32m and a loss of £169,000 relating to the construction activity to the date of disposal. This loss is offset by a profit on disposal of the net assets of the construction activity also of £169,000. Comparatives have been similarly adjusted to delete the construction figures.

## Ramar Textiles little changed

Pre-tax profits of Ramar Textiles were £115,163 in the 52 weeks to May 29, 1981, compared with £115,858 in the previous 57 weeks. Turnover of this manufacturer and distributor of ladies' clothing, was down from £13.73m to £12.66m.

The pre-tax figure was struck after interest charges down from £319,000 to £256,243.

There was a tax charge of £19,317 (£16,368) leaving retained profits at £51,377 (£61,297). The dividend is raised from 0.2625p to 0.3125p, and stated earnings per 5p share are 0.72p (0.75p) basic, and 0.56p (0.59p) fully diluted.

# Increased loss by W. Williams

*PRE-TAX losses of W. Williams and Sons (Holdings)* have increased from £181,231 to £514,529 for the first half of 1981, on reduced turnover of £3.32m, compared with £4.4m. This year's result included a surplus of £156,785 on the sale of South African shares.

The company is engaged as a non-ferrous metal diecaster, founder, stockist and engineer.

Tax credits for the half year were down from £116,796 to £4,592 leaving an attributable deficit of £467,937, against £64,525 last time. Stated loss per 25p share was 13.75p (1.9p) and there is again no interim dividend—the last payments were for 1979 and totalled 1.125p net.

On a current cost basis, the first-half loss before tax was £596,000.

# Photax advances to £251,000

DESPITE A downturn in retail business, photographic equipment manufacturer and importer **Photax (London)** increased first half taxable profits for 1981 from £248,000 to £251,000 on higher sales of £3.17m compared with £2.97m.

The interim dividend is being maintained at 1.5p net per 25p share. Last year a total of 3.5p was paid.

The directors say that the recession has led to a downturn in retail business in many areas and the fall in sterling has increased the price of most imported products that the company distributes.

The tax charge for the six months rose to £94,000 (£54,000) leaving lower attributable profits of £157,000 (£194,000).

jis.gu}

# Norman Hay dips midway but pays same

On similar turnover, pre-tax profits of Norman Hay, engaged in electroplating and anodising, dipped to £124,000 in the six months to June 30 1981, compared with £177,000.

The interim dividend is maintained at 1.25p net per 10p share, last year's total having been 3.1p on a taxable surplus amounting to £251,000.

Earnings per share are stated as 1.5p (2.12p).

Turnover was £2.21m (£2.2m). After tax of £64,000 (£92,000) the resulting attributable profits were £60,000, down from £85,000.

# Static half year for Oxford Trust

Profits of **The City of Oxford Investment Trust** remained static in the half year to September 30 1981 the pre-tax figure emerging at £172,920, compared with £172,679, after expenses and other costs of £34,846, against £30,586.

The interim dividend is maintained at 1.75p net per 25p share—the total for 1980/81 was 5.5p. Stated earnings per share for the half year were down slightly at 2.89p (2.93p).

Tax for the period took £55,036 (£53,017) and the attributable balance came through marginally behind at £117,884 (£119,662).

Net asset value per share fell from 126.7p to 118.9p.

# Christy Bros hindered by contract delay

Delays encountered in a large overseas contract could seriously effect results of **Christy Bros.**, the Chelmsford-based mechanical and electrical engineers, for the current first half.

Mr J. H. Dyer, the executive chairman, warned the annual meeting that this possible setback, coupled with the general continuing uncertainty, meant that the company's trading hopes for the year were now apparently more difficult to achieve.

It succeeded in returning to the black in the year to June 30 1981, with pre-tax profits of £149,000 against £276,000 losses (15 months), as previously announced.

On the contract in question, for which Christy is a major subcontractor, it had been forced to accept delays on the shipment of completed equipment. The plan had envisaged that these shipments would have been completed in the half year to December 31.

If the matter was not resolved in time, this was bound to have a major impact on results for the period, the chairman said.

Furthermore, demand for the company's products in the UK remained depressed and the intake of orders in the first three months was lower than expected.

## SPAIN

| October 22 | Price % | +or— |
|---|---|---|
| Banco Bilbao | 345 | |
| Banco Central | 332 | |
| Banco Exterior | 305 | |
| Banco Hispano | 312 | |
| Banco Ind. Cat. | 117 | —1 |
| Banco Santander | 394 | |
| Banco Urquijo | 226 | —4 |
| Banco Vizcaya | 367 | |
| Banco Zaragoza | 230 | |
| Dragados | 160 | —4 |
| Espanola Zinc | 72 | |
| Fecsa | 68.7 | +0.5 |
| Gal. Preciados | 47 | |
| Hidrola | 76.2 | |
| Iberduero | 58.2 | —0.5 |
| Petroleos | 104.0 | —0.5 |
| Petroliber | 82 | |
| Sogefisa | 51 | |
| Telefonica | 79.0 | —0.2 |
| Union Elect. | 74.5 | +0.5 |

# Selincourt sharply lower mid-term

PROFITS OF **Selincourt**, the holding company with interests in textiles and garment manufacture, fell sharply in the six months to July 31, the pre-tax figure emerging at £202,000, compared with £452,000. Turnover slipped from £29.35m to £28.37m.

Mr Lionel Leighton, the chairman, says the "worsening trading climate" both in the UK and Western Europe, has delayed the benefits of the remedial action taken by the group to combat the effects of the recession working through to profits.

However, he points out that the action has resulted in a progressive improvement in the underlying strength of the group's companies.

The streamlining of a number of subsidiaries has put the company in good stead in the current year but the continued deterioration in the trading climate has made it necessary to take further corrective action in others, the chairman adds.

Trading in the second half "should show an improvement" although it is pointed out that the recent successive rises in interest rtaes must be taken into account.

In July hte directors anticipated a "substantial improvement" in profits for 1981/82 as a result of the measures taken.

Meanwhile, the net interim dividend is being held at 0.441p—for 1980/81 a total of 1.141p was paid from taxable profits of £839,000.

The pre-tax surplus for the first half was struck after interest charges of £1.17m (£1.38m) but was subject to tax of £74,000 (£85,000).

After same-again minorities of £5,000 the attributable balance came through well down at £123,000, against £362,000.

Stated earnings per 5p share dropped from 0.88p to 0.23p.

The chairman says the outlook for Garlaine, Frank Usher, Merrymade Trading and Jacqmar Scarves is encouraging. Taylor Merrymade and Filigree and E. and A. Richards are both now trading profitably.

J. H. Walker has made substantial progress towards recovery although this is taking longer than expected. Walker and Rice, which had a difficult first half, has seen a big improvement in sales in the third quarter.

The French subsidiary, Tricosa, is running below budget following the run-up to the French elections and the subsequent effects on that country's economy. Sales of MacDougall, the Scottish knitwear offshoot, have suffered from the general depression on the Continent and also from the strength of the pound in the early part of the year.

# M & W Mack increases profits on record sales of £40.64m

DESPITE the recession, horticultural produce distributors M and W Mack reported profits increased from £413,673 to £453,809 for the year to April 25, 1981. Sales were at a record level, rising by 24.4 per cent from £32.68m to £40.64m.

Mr Matthew Mack, chairman of this private company, says that turnover and profits for the first four months of the current financial year are running ahead of last year.

"Recent statistics show that there is a greater awareness on the part of the consumer in healthy eating, resulting in a steady increase in the consumption of fresh produce," he says.

The balance sheet shows a very healthy state of affairs and gives a sound financial base for continuing expansion in the years ahead, he adds. "With this in mind, particular attention is being paid to the recruitment of trainee management and other staff."

"It is still our policy to maintain a balance of at least 50 per cent of our sales in home grown produce," he says.

Total issued share capital was increased to £750,000 on April 23 1981, with authorised share capital increased to £1.5m, by the creation of 800,000 new ordinary shares, and the 'A' ordinary shares converted into ordinary shares. A one-for-two bonus issue was made at the same date.

Further expansion of the company's sales areas has been taking place in Birmingham, New Covent Garden and Southampton, which should reflect favourably in future profitability, according to Mr Mack.

Results are further boosted by an extraordinary credit of £40,300 from the disposal of a freehold interest in a site at Custom House Street, Cardiff.

The company is based at Chichester and has market branches at New Covent Garden, Birmingham, Bristol, Cardiff, Southampton and Gateshead, with a distribution and direct selling operation at Paddock Wood, Kent.

The results were achieved despite the serious recession in Britain and the world, says Mr Mack. With British producers under immense pressure from overseas competition, he considers it vital to help them in every way possible to improve the presentation and marketing of their produce.

"In spite of high unemployment we are also to offer opportunities to suitable new entrants to the industry with a planned training programme co-ordinated with the National Institute of Fresh Produce," he says.

# Spencer Gears falls to £307,000

TAXABLE PROFITS at Spencer Gears (Holdings) showed a marked fall from £429,000 to £307,000 for the year to June 30 1981. Turnover was down from £6.66m to £6.61m.

Mr P. W. Forbes, chairman of this general engineer and manufacturer of industrial gears, says that £253,000 of the pre-tax profit was earned in the second half.

He says that the dispense and cooling equipment division maintained its market share and increased its profits. The gear manufacturing and general engineering division again made losses and continues to be affected by the worsening level of activity in mechanical engineering.

The final dividend is 0.5p making a total of 0.75p (1p) on capital doubled by a rights issue. Earnings per 5p ordinary share emerged at 1.52p (3.51p). The pre-tax figure was struck after interest charges of £272,000 (£232,000). Tax was higher at £48,000 against £37,000 last time. The current cost pre-tax profit was £253,000.

A breakdown of the figures for group activities shows dispense and cooling equipment, turnover £4.41m (£4.51m), pre-tax profits £569,000 (£478,000); gear manufacturing and general engineering division, £2.2m (£2.15m) and £262,000 loss (£49,000 loss).

# Second half boost for Tyzack

AFTER incurring losses of £96,000 in the first half, W. Tyzack, Sons and Turner returned to profit in the second half with pre-tax figures of £189,000. In the 53 weeks to August 1, 1981, pre-tax figures improved from £66,000 for the previous 52-week period, to £93,000.

Mr T. H. Reed, the chairman, says there are three main reasons for the improvement: areas of expenditure have been contained: the number of employees has been reduced by 59, and the company has been assisted materially by a favourable rate of exchange in the U.S. He adds that sales during the second half were about 36 per cent higher than in the first half.

But he then gives four warnings: Orders for tool products remain at a level which shows little growth over the previous year's, although this must be viewed against a background of an overall decline in the UK tools market;

The company faces cost increases from local government bodies far in excess of any possible level of recovery from customers;

Wage increases that would normally have been paid on May 1, 1981, were deferred and did not come into operation until October 1, 1981;

Fourthly, he says there must be concern as to the extent to which the company can recover from customers by increased prices the additional sums required to pay for imminent wage awards and steel price increases.

The net dividend is unchanged at 1p—but last year a special payment of 1.5p was made. There was a tax charge for the 53 weeks of £8,000 (£19,000 credit). Stated earnings per 25p share were little changed at 4.8p (4.9p). There was an extraordinary credit of £136,000 last time.

On a CCA basis, there was a pre-tax profit of £9,000.

## GRESHAM INV.

At the annual meeting of Gresham Investment Trust, Mr Peter Wreford, the chairman, said that trading for the first six months of the current year had been satisfactory. He added that the company was in a highly liquid position.

# Welkom Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

## Preliminary Profit Announcement and Notice of Final Dividend for the Financial Year ended September 30 1981

**Financial results**

Subject to final audit, the following are the results of the company and its wholly-owned subsidiary, Free State Saaiplaas Gold Mining Company Limited, for the year ended September 30 1981:

| | 1981 R000 | 1980 R000 |
|---|---|---|
| Profit before taxation and State's share of profit in respect of the period October 1 1980 to June 30 1981 | 70 253 | |
| Net dividend income in respect of the period July 1 1981 to September 30 1981 | 23 837 | |
| Profit for the year before taxation and State's share of profit | 94 090 | 98 936 |
| Less taxation and State's share of profit (in respect of the period July 1 1981 to September 30 1981 the company incurred no liability for taxation) | 47 061 | 54 244 |
| | 47 029 | 44 692 |
| Appropriation for capital expenditure | — | 8 923 |
| Transfer to general reserve | 10 918 | — |
| | 10 918 | 8 923 |
| Profit for the year available for distribution | 36 111 | 35 769 |
| Retained profit brought forward | 6 715 | 5 246 |
| Total profit available for distribution | 42 826 | 41 015 |
| Dividends—No. 48 (interim) (on 12 250 000 shares) | 18 988 | 15 925 |
| No. 49 (final) (on 26 300 000 shares) | 23 670 | 18 375 |
| | 42 658 | 34 300 |
| Retained profit—September 30 1981 | R168 | R6 715 |

The figures quoted for 1981 relate to the company's mining operations during the period October 1 1980 to June 30 1981 and in respect of the period July 1 1981 to September 30 1981 to both the company and its subsidiary as investment holding companies.

FORMATION OF ENLARGED WESTERN HOLDINGS COMPLEX AND ACQUISITION BY WELKOM GOLD MINING COMPANY LIMITED OF THE ENTIRE ISSUED CAPITAL OF FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

Following the receipt of the approval of the Minister of Mineral and Energy Affairs to the grant and cession of the relevant mining leases in terms of the proposals to establish the enlarged Western Holdings mining complex, the arrangements were brought into effect from July 1 1981. Accordingly, as from that date, Western Holdings Limited acquired the undertakings of Welkom Gold Mining Company Limited (WGM) and Free State Saaiplaas Gold Mining Company Limited (FSS) as going concerns in return for the issue to those companies of 3 185 000 and 3 653 000 shares in Western Holdings, respectively.

In terms of the Scheme of Arrangement, sanctioned by an Order of Court on August 4 1981, the effective date of which was also July 1 1981, WGM acquired all the issued shares in FSS in return for the allotment of one WGM share for every two FSS shares then in issue.

DECLARATION OF DIVIDEND NO. 49

On October 22 1981 dividend No. 49 of 90 cents a share, being the final dividend in respect of the year ended September 30 1981 (1980: 150 cents) was declared in South African currency, payable to members registered in the books of the company at the close of business on November 6 1981.

The transfer registers and registers of members will be closed from November 7 to November 20 1981, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about December 10 1981. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on December 1 1981 of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before November 6 1981.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

*DIVIDENDS*

Details of the dividends declared in respect of the year ended September 30 1981 are as follows:

| | Dividend No. 48 (Interim) | Dividend No. 49 (Final) |
|---|---|---|
| Declared | April 23 1981 | October 22 1981 |
| Per share | 155 cents | 90 cents |
| Payable to members registered | May 8 1981 | November 6 1981 |
| Payment date | June 12 1981 | December 11 1981 |

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: R. S. Edmunds
Divisional Secretary

Head Office
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office
40 Holborn Viaduct
London EC1P 1AJ

Transfer Secretaries
Consolidated Share Registrars Limited
62 Marshall Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)

Charter Consolidated P.L.C.
P.O. Box 102 Charter House
Park Street Ashford
Kent TN24 8EQ

Johannesburg
October 23 1981

# MINING NEWS

## Elandsrand still having problems

BY KENNETH MARSTON, MINING EDITOR

A MIXED showing is made by the September quarter results of the South African gold and uranium mines in the Anglo American Corporation group. In each case, the latest profits are based on a lower price received for gold in terms of U.S. dollars and South African rands.

A particular disappointment comes with the quarterly report of the young Elandsrand mine. While full production is not expected until 1984, the newcomer has been suffering from geological troubles and low ore grades.

After the sharp improvement seen in Elandsrand's profits in the June quarter—largely a result of the cessation of loan repayments following the R120m (£68m) rights issue—earnings have fallen in the latest quarter on a combination of reduced gold production, in line with a lower ore grade, and a sharp increase in working costs.

The latest profit would, indeed, have been considerably lower, had it not been for a big increase in sundry income. And because of lower than expected gold values in mining to the west of the shaft, forecast gold production for 1981 has been reduced to 5,160 kilogrammes from 6,096 kgs.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce)—

| | Qtr. ended Sept 30 | Qtr. ended June 30 |
|---|---|---|
| ERGO | R12.484 | R13,060 |
| | ($418) | ($454) |
| Elandsrand | R12,714 | R13,108 |
| | ($421) | ($484) |
| F. S. Geduld | R12,248 | R13,056 |
| | ($404) | ($484) |
| President Brand | R12,483 | R13,078 |
| | ($413) | ($484) |
| President Steyn | R12,760 | R13,105 |
| | ($422) | ($457) |
| S. A. Land | R12,599 | R12,977 |
| | ($417) | ($481) |
| Vaal Reefs | R12,740 | R13,077 |
| | ($422) | ($484) |
| Western Deep | R12,786 | R13,081 |
| | ($424) | ($484) |

Sharply lower profits for the latest quarter are also reported by the East Rand Gold and Uranium (Ergo) mine dump retreatment operation and the Orange Free State joint metallurgical scheme.

Ergo has suffered from reduced production resulting from a lesser number of operational days, a slightly lower gold head grade and the half yearly overhaul of the acid plant.

The big Vaal Reefs gold and uranium mine has also suffered a fall in net profits during the quarter. In this case it is largely a result of a sharp rise in working costs coupled with a modest fall in gold output.

On the other side of the coin, Western Deep has produced a good increase in its latest net profit thanks to higher gold production and a better profit on uranium coupled with a reduced tax charge.

Free State Geduld has also done well, but this is largely as a result of a fall in tax. Lower tax and increased sundry income are the main factors in a higher net profit at President Brand.

The latest quarter's earnings of Western Holdings are not comparable with those of previous periods now that the mining operations have been enlarged by the acquisition of those of Welkom Free State Saaiplaas. Some high results have been obtained in underground development but these look to be of a short-term nature.

The September quarter net profits of the mines are compared in the following table.

| | Sept qtr R000 | June qtr. R000 | March qtr. R000 |
|---|---|---|---|
| East Dagga | *24 | 145 | 60 |
| ERGO | 16,223 | 20,390 | 19,406 |
| Elandsrand | 2,648 | 4,329 | 683 |
| F. S. Geduld | 41,176 | 37,559 | 37,662 |
| Pres. Brand | 37,259 | 35,475 | 33,384 |
| Pres. Steyn | 27,907 | 28,052 | 25,895 |
| S. A. Land | 1,884 | 1,198 | — |
| Vaal Reefs | 75,986 | 89,986 | 63,655 |
| W. Deep | 59,515 | 54,373 | 43,613 |
| W. Holdings | †102,524 | 25,393 | 28,982 |
| S(— | — | — | — |

* Loss. † Includes Welkom, Saaiplaas and Erfdeel operations.

The latest final dividends from the group's OFS mines for the financial year to September 30 last are at about the lower end of market estimates, although the latter have varied a good deal.

President Steyn's payment of 515 cents (293p) to make a year's total of 595 cents against 665 cents for 1979-80 is rather better than expected.

All the payments are, of course, lower than those of a year ago when gold prices were still riding high. But the totals for the year just completed still make a good showing alongside current share prices.

Free State Geduld's latest final makes a year's total of 610 cents against 950 cents; President Brand comes out at 595 cents against 695 cents; Western Holdings 1,050 cents against 1,500 cents; and Welkom 245 cents against 280 cents.

Ergo is the odd man out with an interim on this occasion of a modest 60 cents. This compares with 100 cents a year ago and a subsequent final also of 100 cents.

The latest dividends are summarised in the following table.

| | Oct 1981 cents | April 1981 cents | Oct 1980 cents | April 1980 cents |
|---|---|---|---|---|
| ERGO | *60 | 100 | *100 | 85 |
| F.S. Geduld | 245 | *365 | 475 | 475 |
| Pres. Brand | 300 | *295 | 375 | 320 |
| Pres. Steyn | 245 | *270 | 385 | 280 |
| W. Holdings | 350 | *700 | 825 | 675 |
| Welkom | 90 | *155 | 150 | 130 |

* Interim.

## TCL lifts dividend

SOUTH AFRICA'S Transvaal Consolidated Land and Exploration, the 59.8 per cent-owned mining and investment company in the Barlow Rand group, reports a net profit for the year to September 30 of R60m (£34m) compared with R54.3m for 1979-80.

TCL is boosting its final dividend to 185 cents (105p). Following the increased interim, this brings the year's total to 260 cents against 215 cents for 1979-80.

As from July 1 last, TCL acquired 74.9 per cent of Rand Mines Properties, a major part of which came from Barlow Rand, via a one-for-seven share offer or a share and cash alternative.

It is stated that the profit contribution of Rand Mines Properties to the latest TCL profit, after outside shareholders' interest in subsidiaries, was R1.28m. TCL shares were unchanged at £26 yesterday.

### ROUND UP

THE Lonrho group's South African Western Platinum Holdings reports a working profit for the year to September 30 of R22.26m (£12.6m) compared with R32.3m in the previous 12 months. An estimated 2,863 kilogrammes (92,006 ounces troy) of platinum were produced compared with 2,774 kgs in 1979-80.

* * *

South Africa's gold production last month improved to 1,795,060 ounces from 1,788,105 oz in July. The total for the first eight months of this year, however, still lags at 14,116,421 oz against 14,580,075 oz in the same period of 1980.

* * *

Patino NV says that Canada's Northgate Exploration has exercised its previously-reported option to require Patino NV to purchase from Northgate all of the outstanding shares of Patino Canada which indirectly owns 34 per cent of the shares of Edper Equities. Edper owns 48 per cent of the shares of Brascan.

Patino said the purchase will be completed on January 11 1982 at an adjusted purchase price of about US$74m (£40m). It will be funded by cash resources of Patino NV which currently total about $90m.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Aitken Hume, Allied Plant, Clayton Son, Clive Discount, Leaderflush, London Atlantic Investment Trust, Mettoy, F. Miller (Textiles), Time Products, E Upton.

Final: Highland Electronics.

FUTURE DATES

| Interims— | |
|---|---|
| Aquascutum | Nov 12 |
| Boosey and Hawkes | Oct 28 |
| Callender (George M.) | Oct 28 |
| Cole (R. H) | Oct 30 |
| Davies and Newman | Oct 30 |
| Great Portland Estates | Nov 3 |
| Henderson (P. C.) | Oct 23 |
| Ovenstone Investments | Oct 30 |
| Pilkington Bros | Dec 3 |
| Reed International | Nov 3 |
| Richardsons Westgarth | Oct 28 |
| Finals— | |
| C.L.R.P. Investment Trust | Oct 30 |
| Kwik Save Discount | Nov 25 |
| Murray Clydesdale Invest. Tst. | Nov 9 |
| National Bank of Australasia | Nov 12 |
| Priest Marians | Oct 30 |
| Smart (J.) (Contractors) | Oct 29 |

## BANK RETURN

| | Wednesday Oct. 21 1981 | Increase (+) or Decrease (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 41,131,434 | + 40,958 |
| Bankers Deposits | 488,888,268 | — 98,569,405 |
| Reserve & other Accounts | 1,537,693,412 | + 52,927,014 |
| | 2,082,266,114 | — 45,601,433 |
| Assets | | |
| Government Securities | 510,985,212 | — 53,508,999 |
| Advances & other Accounts | 1,043,418,358 | + 31,286,558 |
| Premises Equipment & other Secs. | 503,492,854 | — 35,918,005 |
| Notes | 24,140,147 | + 12,542,597 |
| Coin | 229,543 | — 5,614 |
| | 2,082,266,114 | — 45,601,433 |
| **ISSUE DEPARTMENT** | | |
| Liabilities | £ | £ |
| Notes Issued | 10,575,000,000 | — 25,000,000 |
| In Circulation | 10,550,859,853 | — 37,542,597 |
| In Banking Department | 24,140,147 | + 12,542,597 |
| Assets | | |
| Government Debt | 11,015,100 | — |
| Other Government Securities | 8,395,076,373 | — 229,473,614 |
| Other Securities | 2,168,908,527 | + 204,473,614 |
| | 10,575,000,000 | — 25,000,000 |

# Anti-trust move ends takeover of Schlitz

By David Lascelles in New York

SCHILLTZ and Heileman, the two Wisconsin-based brewing companies, reacted sharply yesterday to a threat by the Justice Department to oppose their proposed $500m merger, the first major anti-trust move by the Reagan Administration. Though still only a threat, it effectively scuppers the deal.

Heileman, which wants to take over Schlitz, said it "casts a shadow on the future of the entire brewing industry," and warned that unless brewers were allowed to combine, the brewing giants Anheuser Busch and Miller — would eventually dominate up to four-fifths of the entire U.S. beer market.

Schlitz, in a similarly bitter comment, said it remained convinced that the deal would enhance competition and be in the public interest. But it said it would not contest the Justice Department's decision, and it cancelled a shareholders meeting on November 13 called to approve the merger.

Schlitz, which has been in decline for several years because of poor management, had welcomed the approach from Heileman, which is an aggressive up-and-coming brewer.

The Justice Department's opposition to the bid was the first demonstration by the Reagan Administration that it intends to draw the line on its more tolerant anti-trust stance at "horizontal" mergers which combine companies in the same markets. It has said, however, that it is prepared to permit "vertical" mergers which link companies in different production stages of the same business.

# Kaiser Steel talks end

By Our Financial Staff

DISCUSSIONS on the possible acquisition by a private investment group of Kaiser Steel, the Californian steelmaker which narrowly avoided liquidation a year ago, have been terminated.

Kaiser said that both parties had concluded that the proposal of a leveraged buyout of Kaiser at $52 a share could not be completed "in a manner satisfactory to both parties."

The discussions were opened at the beginning of this month when the Kaiser directors said it was exploring the possibility of a group led by Mr Stanley Hiller acquiring the steel company's equity.

This is the second unsuccessful attempt this year to arrange a takeover of the steel company by purchasing the 17 per cent stake in the equity held by the Kaiser Family Foundation.

In March, Mr Roger Tamraz, acting for a group of Middle Eastern investors, offered $47.87 each for the Foundation's shares. But the deal fell through, with no clear explanation coming from either side.

# Sears Roebuck earnings slip 5% in third quarter

BY PAUL BETTS IN NEW YORK

SEARS ROEBUCK, the diversified U.S. retailer, insurance, real estate and financial services company, reported yesterday a 5 per cent decline in third quarter earnings to $125.2m. The year earlier earnings were restated to reflect the company's new calendar year reporting system and totalled $131.4m.

For the first nine months of the calendar year, earnings increased by 10 per cent to $297.9m.

Third quarter income included net capital gains of $50.4m, primarily from the sale of two shopping centres. In the same period last year, capital gains totalled $8.8m.

Third quarter revenues increased by 8 per cent to $6.83bn. Nine-months' revenues rose by 9.5 per cent to $19.21bn.

Although domestic merchandising sales and income were above target, credit operations reported a third quarter loss of $27m because of increased interest expense. As a result, retailing income totalled $43.4m compared with $30m last year.

Higher underwriting losses led to a drop in insurance earnings in the third quarter from $114.6m to $80.1m. Real estate and financial services reported profits of $36.4m compared to profits of $7.1m in the same quarter of last year.

Sears said it opened 18 stores and closed five in the third quarter, leaving it with a total of 859. Meanwhile, domestic merchandising inventories rose 15.6 per cent by September 30 from a year earlier to $2.97bn.

# Bayer unit in $60m U.S. deal

BY STEWART FLEMING IN FRANKFURT

BAYER, the most international of the German chemical companies, is aiming to strengthen its position in the fast-growing office equipment market with the purchase for $60m of 51 per cent of Compugraphic, a U.S. photocomposition equipment manufacturer.

The purchase is to be made by Bayer's majority-owned photographic products subsidiary Agfa-Gavaert, which is to offer $14 each for 1.1m of Compugraphic's 4.8m shares. It will simultaneously buy some 3m new shares pumping in an additional $45m of new equity, a move which will facilitate its expansion and help with the finance of its research and development.

Bayer's move for Compugraphic comes at a time when the U.S. concern's profits are plunging, partly as a result of heavy financing costs. In 1979, Compugraphic reported net income of $18.3m but is forecast to have a loss for the current year after earning profits of $8.7m on sales of $277m in 1980.

Mr Andre Leysen, president of Agfa-Gavaert, said yesterday that the company's main objective was to enter the market for automated electronic based printing systems and to develop future systems for this market.

He pointed out that Agfa had sales of about $800m in the graphic and reprographic film and paper markets and the copier market. Compugraphic for its part has expertise in both the manufacture of photocomposition equipment and software.

Mr Leysen stressed that Agfa-Gavaert was "taking a long range view" of the deal.

Mr Carl E. Dantas, chief executive of Compugraphic, said that the company and Agfa-Gavaert had worked together for the past eight or nine years developing photographic material. He said that the additional funds which the German company would be putting into Compugraphic would help it reduce its short-term debt and help the financing of its research and development.

Compugraphic already has a position in the European market for photocomposition equipment and exports account for 37 per cent of sales. Its main competitors in the U.S., where it is a leader in its field, are the Morgenthaler division of Allied Corporation and companies such as AM International. In Europe, its competitors include Berthold of Germany.

# Interest rates main factor in Sperry's sharp decline

BY OUR NEW YORK STAFF

SPERRY CORPORATION, the computer and industrial products company, yesterday followed the industry trend by reporting a sharp 60 per cent drop in earnings for its second quarter, with higher interest rates largely the culprit.

Net income was $30m, or 72 cents a share, down from $76.6m, or $1.84, in the same period last year. Revenues were up slightly at $1.29bn.

Mr Paul Lyet, chairman, said: "The economic conditions affecting our markets are still difficult, both domestically and internationally. In view of uncertain market conditions, the strength of the dollar—since 45 per cent of our business is overseas—and high borrowing costs we do not anticipate an improvement for the full year over the record earnings of fiscal 1981."

In the first six months of the 1982 fiscal year, Sperry has earned $45.8m, or $1.10, which is two-thirds below last year's $139.4m, or $3.37.

# Kaufhof hit by drop in sales

KAUFHOF, West Germany's second largest department stores group, has been hit by falling retail sales, writes Kevin Done in Frankfurt.

In the first nine months of this year turnover dropped by 2.2 per cent to DM 5.9bn ($2.64bn) from DM 6.1bn in the same period of 1980.

The biggest reason is the decline in sales in Kaufhof's department stores — by 5.3 per cent to DM 3.98bn. In specialist stores, mail order and travel operations, the group increased sales in real terms. But it said yesterday that it was still too early to predict likely profitability for the full year.

# Rosenlew hit by sawn goods slump

By Lance Keyworth in Helsinki

W. ROSENLEW, one of Finland's largest private industrial group's, expects to be in the black by only a narrow margin this year because of the "desperate" position of its sawn timber operations.

Although the company turned round to a FM 8.85m ($1.94m) net profit for the eight months to the end of August from the FM 21.2m loss last time, the outlook for the rest of the year is described as poor and profits for the year are expected to total only FM 1m against FM 9.94m in 1980.

Rosenlew, which has interests in metals and engineering and pulp, paper and packaging, has been hard hit by the slump in the world sawn goods market. This collapse has been compounded by the recent 10 per cent devaluation of the Swedish krona, the currency in which most sawn goods exports are involved.

# Sohio and Amoco group advance

By David Lascelles in New York

STANDARD OIL Company of Ohio (Sohio), BP's U.S. subsidiary, has reported an 8 per cent rise in earnings, in line with the more modest results that many U.S. oil companies have shown this quarter. However, Sohio had to bear a large operating loss by Kennecott, the leading copper company which it took over last July.

Net profits were $470m, or $1.92 a share, up from $433m, or $1.77 in last year's third quarter. Sales were $3bn, up from $2.5bn. After nine months profits were almost 10 per cent up at $1.47bn, or from $5.44 a share to $5.93. Revenues totalled $9.04bn, up by $1bn.

Kennecott's loss was $28m before tax in the quarter because of the depressed metals market, and this is reflected in Sohio's earnings figures. Kennecott's sales revenues have not yet been consolidated.

Mr Alton Whitehouse, Sohio's chairman, said the overall earnings gain resulted primarily from higher prices for Alaskan crude, Sohio's principal source of production, and improved downstream operations. But Sohio also suffered from the effects of the windfall profits tax on oil, lower crude oil sales, higher exploration expenses and higher net interest expense.

Standard Oil Company (Indiana), the sixth largest U.S. oil company which trades under the Amoco brand, enjoyed a 36 per cent increase in earnings, from $449m, or $1.53 a share, to $608m, or $2.08. Revenues were $8bn, up from $6.5bn. Its nine-month total came to $1.54bn against $1.51bn, while sales climbed by $2.5bn to $23.9bn. Per share profits were $5.27 compared with $5.16.

Earnings were boosted for the quarter and nine months by proceeds from the sale of its share in Cyprus Anvil, a mining company, without which operating earnings would have shown an increase of only 18 per cent for the quarter over the same period last year.

It said nine-month domestic petroleum earnings increased by 13 per cent, with a 63 per cent gain for upstream operations and a loss in downstream operations of $153.6m against a profit of $147.5m.

The company said domestic petrol sales in the nine months were 6 per cent below the 1980 level.

Overseas petroleum earnings fell by 16 per cent as upstream operations showed a 63 per cent gain but downstream operations incurred a loss of $130.6m against a profit of $176.6m.

# Bundesbahn bond sign of higher German yields

BY ALAN FRIEDMAN

A 10-year domestic bond issue for up to DM 900m is being launched for the Bundesbahn, the West German state railway organisation. The issue carries a 10½ per cent coupon and has been priced at 100½ to yield 10.21 per cent.

When the terms became known late yesterday afternoon, traders in Frankfurt took the coupon as a sign that domestic and foreign bond yields are again heading upward. Until recently, there had been signs of a declining trend and a 10 per cent coupon had been anticipated for the Bundesbahn issue.

On the D-mark foreign bond market, prices fell ½ to ¾ point yesterday amid continuing uncertainty about U.S. interest rates and the shape of the German budget for 1982.

In the Eurodollar bond sector, several dealers continued to reduce their positions by selling paper yesterday. This contributed to the decline in prices, which averaged ½ point.

Terms were fixed yesterday on the Asian Development Bank's SwFr 80m nine-year public issue. The coupon was set at 8 per cent and the issue price at 99 by lead manager Union Bank of Switzerland.

This week has been an uncomfortable one for major Eurodollar bond traders as worries grow over the forthcoming quarterly U.S. refunding. An auction of nearly $9bn of paper is expected and this is already acting as a dampener on both the New York and European capital markets.

In the Eurodollar market, the Euroclear overnight rate was hoisted from 15½ to 16½ per cent Wednesday night, hindering the ability of traders to achieve a "positive carry" unless coupons are near the 17 per cent level. The positive carry is the term used to describe the relative cost of borrowing overnight money to finance the holding of bonds.

Despite these concerns and difficulties, however, dealers report there is still investor demand for good quality paper.

In Zurich, a SwFr 150m bond offer is being launched for Bell Canada, the telephone company. The six-year issue carries a coupon of 6¼ per cent and lead-manager is Union Bank of Switzerland. Swiss franc foreign bonds prices were unchanged last night.

A Y15bn Samurai bond is on offer for Norges Communalbank, the Norwegian banking group. The 12-year issue has a coupon of 8.3 per cent, is priced at 99.85 and is led by Daiwa Securities.

# Chilean electric utility raises $135m credit

BY PETER MONTAGNON, EUROMARKET CORRESPONDENT

CHILE'S electric utility, Endesa, is raising a $135m, eight-year Eurocredit with a pricing option over U.S. prime rate, believed to be the first Chilean public sector borrowing to adopt this formula.

The credit, mandated to a group of eight international banks, bears interest at a margin of ⅝ per cent over London interbank rates or ½ per cent over U.S. prime rate. The Libor margin is higher than that on the same borrower's last credit which was priced at ⅞ per cent.

All in all, bankers said yesterday, the terms on this credit thus represent a noticeable hardening of terms for Chilean Euromarket borrowings. This had been expected because of the recent sharp increase in borrowing.

Figures from Morgan Guaranty Trust show that Chilean borrowers raised $1.8bn in publicised Eurocredits during the first nine months of this year, more than double the $753m raised in the same period of 1980.

Banks leading the latest loan are Bank of America, Dai-Ichi Kangyo, First Chicago, Intermex, Mitsui, Sanwa, Security Pacific and Tokai.

The credit is understood to bear a front end fee of ⅜ per cent. Repayments begin after a grace period of four years.

The full list of lead managers for the $500m credit for Korea Development Bank has now been confirmed as Bank of America, Bankers Trust, Citibank, Credit Lyonnais, Deutsche Bank, Industrial Bank of Japan and Midland. Societe Generale, which was originally reported as a lead manager, is not in fact part of the grop.

# Sterling cheques from Bank of America

By William Hall, Banking Correspondent

BANK OF AMERICA is entering the foreign currency travellers cheque market and establishing an international claims and refund centre in London in an effort to win a "sizeable increase" in its share of the world's $40bn travellers cheque market.

More than three quarters of all travellers cheques are still denominated in dollars but BA Cheque Corporation (BACC), the bank's travellers cheque arm, believes that the non-dollar travellers cheque market will grow more rapidly from its current level of $9bn to $34bn by the end of the decade.

Bank of America plans to capitalise on this growth by issuing sterling and D-mark travellers cheques in the spring of 1982.

# NORTH AMERICAN QUARTERLY RESULTS

**ALBERTO-CULVER**

| Fourth quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 81.2m | 64.8m |
| Net profits | 1.8m | 1.3m |
| Net per share | 0.47 | 0.34 |
| Year | | |
| Revenue | 294.4m | 229.3m |
| Operating profits | 6.0m | 4.5m |
| Operating share | 1.56 | 1.12 |

**ALEXANDER & ALEXANDER**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 111.9m | 105.2m |
| Net profits | 13.0m | 13.9m |
| Net per share | 0.68 | 0.73 |
| Nine months | | |
| Revenue | 338.9m | 320.3m |
| Net profits | 41.9m | 45.6m |
| Net per share | 2.18 | 2.38 |

**AMERICAN CAN**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 1.24bn | 1.25bn |
| Net profits | 19.7m | 24.4m |
| Net per share | 0.97 | 1.21 |
| Nine months | | |
| Revenue | 3.58bn | 3.58bn |
| Net profits | 59.5m | 66.6m |
| Net per share | 2.93 | 3.31 |

**AMFAC**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 531.5m | 469.2m |
| Operating loss | 1.3m | ‡19.0m |
| Loss per share | 0.10 | ‡1.34 |
| Nine months | | |
| Revenue | 1.61bn | 1.38bn |
| Operating profits | 34.2m | 51.7m |
| Operating share | 2.35 | 3.66 |

† Loss ‡ Profit.

**AMSTAR**

| First quarter | 1981-82 $ | 1980-81 $ |
|---|---|---|
| Revenue | 453.8m | 517.9m |
| Net profits | 25.3m | 18.7m |
| Net per share | 2.80 | 2.08 |

**ANCHOR HOCKING**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 249.2m | 228.9m |
| Net profits | 10.5m | 7.4m |
| Net per share | 1.02 | 0.72 |
| Nine months | | |
| Revenue | 708.9m | 633.2m |
| Net profits | 18.4m | 17.8m |
| Net per share | 1.79 | 1.73 |

**AVON PRODUCTS**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 600.9m | 583.8m |
| Net profits | 36.5m | 45.2m |
| Net per share | 0.61 | 0.75 |
| Nine months | | |
| Revenue | 1.79bn | 1.70bn |
| Net profits | 130.5m | 133.8m |
| Net per share | 2.17 | 2.22 |

**BRUNSWICK**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 329.3m | 294.4m |
| Net profits | 14.4m | 10.4m |
| Net per share | 0.64 | 0.47 |
| Nine months | | |
| Revenue | 1.01bn | 893.7m |
| Net profits | 49.2m | 16.6m |
| Net per share | 2.26 | 0.84 |

**CANADIAN UTILITIES**

| Third quarter | 1981 C$ | 1980 C$ |
|---|---|---|
| Revenue | 200.6m | 142.5m |
| Net per share | 0.17 | 0.39 |
| Nine months | | |
| Revenue | 732.4m | 510.4m |
| Net per share | 2.26 | 1.71 |

**CESSNA AIRCRAFT**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 262.1m | 261.7m |
| Net profits | 12.5m | 10.5m |
| Net per share | 0.66 | 0.57 |
| Nine months | | |
| Revenue | 1.06bn | 1.0bn |
| Net profits | 60.6m | 28.1m |
| Net per share | 3.19 | 1.51 |

**CLUETT PEABODY**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 233.8m | 209.0m |
| Net profits | 9.1m | 6.0m |
| Net per share | 0.98 | 0.64 |
| Nine months | | |
| Revenue | 596.1m | 537.8m |
| Net profits | 17.0m | 11.7m |
| Net per share | 1.78 | 1.33 |

**COCA-COLA**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 1.56bn | 1.55bn |
| Net profits | 146.6m | 102.6m |
| Net per share | 1.19 | 0.83 |
| Nine months | | |
| Revenue | 4.59bn | 4.31bn |
| Net profits | 375.5m | 326.3m |
| Net per share | 3.04 | 2.64 |

**CONTINENTAL CORPN.**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Net profits | 85.3m | 48.9m |
| Net per share | 0.99 | 0.97 |
| Nine months | | |
| Net profits | 135.4m | 166.1m |
| Net per share | 2.66 | 3.22 |

**COX BROADCASTING**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 103.4m | 76.5m |
| Net profits | 13.1m | 11.2m |
| Net per share | 0.48 | 0.42 |
| Nine months | | |
| Revenue | 287.6m | 220.6m |
| Net profits | 39.9m | 34.0m |
| Net per share | 1.47 | 1.26 |

**COOPER INDUSTRIES**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 809.6m | 621.6m |
| Net profits | 66.2m | 43.8m |
| Net per share | 1.39 | 0.92 |
| Nine months | | |
| Revenue | 2.32bn | 1.91bn |
| Net profits | 185.8m | 136.9m |
| Net per share | 3.90 | 2.91 |

**CURTISS-WRIGHT**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 55.3m | 38.2m |
| Net profits | 5.5m | 811,000 |
| Net per share | 1.06 | 0.09 |
| Nine months | | |
| Revenue | 202.6m | 149.5m |
| Net profits | 69.8m | 23.9m |
| Net per share | 14.77 | 2.85 |

**DILLINGHAM**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 407.0m | 323.9m |
| Operating profits | 8.4m | 6.6m |
| Operating share | 0.50 | 0.41 |
| Nine months | | |
| Revenue | 1.19bn | 846.2m |
| Operating profits | 17.7m | 21.3m |
| Operating share | 1.15 | 1.57 |

**DUKE POWER**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 489.2m | 480.9m |
| Net profits | 83.7m | 77.8m |
| Net per share | 0.79 | 0.77 |

**DUN & BRADSTREET**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 324.8m | 284.9m |
| Net profits | 29.8m | 24.9m |
| Nine months | | |
| Revenue | 974.5m | 864.8m |
| Net profits | 89.3m | 76.0m |
| Net per share | 3.18 | 2.72 |

**FMC**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 858.3m | 774.8m |
| Operating profits | 31.3m | 21.6m |
| Operating share | 0.93 | 0.64 |
| Nine months | | |
| Revenue | 2.53bn | 2.40bn |
| Operating profits | 107.4m | 102.3m |
| Operating share | 3.20 | 3.05 |

**FEDERAL MOGUL**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 210.2m | 176.7m |
| Net profits | 8.5m | 8.3m |
| Net per share | 0.66 | 0.65 |
| Nine months | | |
| Revenue | 638.1m | 527.6m |
| Net profits | 28.6m | 28.2m |
| Net per share | 2.23 | 2.21 |

**FINANCIAL CORPN. OF AMERICA**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 11.0m | 47.3m |
| Operating profits | 5.4m | 3.8m |
| Operating share | 0.82 | 0.77 |
| Nine months | | |
| Revenue | 257.3m | 124.0m |
| Operating profits | 11.9m | 8.1m |
| Operating share | 2.09 | 1.66 |

**GAF**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 177.5m | 182.8m |
| Operating profits | †5.1m | 4.2m |
| Operating share | †0.41 | 0.24 |
| Nine months | | |
| Revenue | 528.3m | 504.6m |
| Operating profits | †2.3m | 12.3m |
| Operating share | †0.01 | 0.70 |

† Loss

**GOODYEAR TIRE**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 2.32bn | 2.14bn |
| Net profits | 38.2m | 58.0m |
| Net per share | 0.53 | 0.80 |
| Nine months | | |
| Revenue | 6.93bn | 6.27bn |
| Net profits | 149.5m | 151.8m |
| Net per share | 2.08 | 2.09 |

**HEUBLEIN**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 509.6m | 475.4m |
| Net profits | 28.3m | 23.0m |
| Net per share | 1.30 | 1.07 |

**HUGHES TOOL**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 457.7m | 327.9m |
| Net profits | 67.0m | 35.3m |
| Net per share | 1.21 | 0.70 |
| Nine months | | |
| Revenue | 1.29bn | 853.5m |
| Net profits | 182.6m | 90.0m |
| Net per share | 3.29 | 1.83 |

**IU INTERNATIONAL**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 800.3m | 653.5m |
| Operating profits | 18.1m | 15.1m |
| Nine months | | |
| Revenue | 1.74bn | 1.67bn |
| Operating profits | 46.4m | 54.6m |
| Operating share | 2.06 | 1.82 |

**IDEAL BASIC**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 131.0m | 138.4m |
| Net profits | 11.0m | 18.9m |
| Net per share | 0.80 | 1.40 |
| Nine months | | |
| Revenue | 366.0m | 345.5m |
| Net profits | 38.7m | 49.7m |
| Net per share | 2.85 | 3.71 |

**INLAND STEEL**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 936.0m | 709.4m |
| Net profits | 8.0m | 6.1m |
| Net per share | 0.37 | †0.30 |
| Nine months | | |
| Revenue | 2.96bn | 2.38bn |
| Net profits | 58.9m | †11.8m |
| Net per share | 2.78 | †0.11 |

**JOHNSON & JOHNSON**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 1.34bn | 1.2bn |
| Net profits | 104.0m | 110.4m |
| Net per share | 0.56 | 0.60 |
| Nine months | | |
| Revenue | 4.01bn | 3.6bn |
| Net profits | 323.3m | 321.2m |
| Net per share | 1.74 | 1.74 |

**KNIGHT-RIDDER**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 300.9m | 263.0m |
| Net profits | 23.9m | 20.6m |
| Net per share | 0.73 | 0.64 |
| Nine months | | |
| Revenue | 905.5m | 795.5m |
| Net profits | 71.0m | 63.9m |
| Net per share | 2.19 | 1.97 |

**MGIC INVESTMENTS**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 84.8m | 79.1m |
| Net profits | 25.7m | 21.3m |
| Net per share | 1.13 | 0.94 |
| Nine months | | |
| Revenue | 251.6m | 224.4m |
| Net profits | 71.6m | 63.4m |
| Net per share | 3.16 | 2.81 |

**MOTOROLA**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 822.7m | 743.2m |
| Net profits | 39.6m | 46.6m |
| Nine months | | |
| Revenue | 2.48bn | 2.3bn |
| Net profits | 133.3m | 136.9m |
| Net per share | 4.24 | 4.39 |

**NORTHWEST ENERGY**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 224.8m | 212.0m |
| Net profits | 12.4m | 7.6m |
| Net per share | 0.64 | 0.41 |
| Nine months | | |
| Revenue | 940.7m | 927.3m |
| Net profits | 62.7m | 36.4m |
| Net per share | 2.92 | 2.23 |

**PHELPS DODGE**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 344.2m | 284.8m |
| Net profits | 2.6m | †11.6m |
| Net per share | 0.07 | †0.60 |
| Nine months | | |
| Revenue | 1.09bn | 1.10bn |
| Net profits | 58.9m | 62.4m |
| Net per share | 2.58 | 2.86 |

**REICHHOLD CHEMICALS**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 248.1m | 214.0m |
| Net profits | 3.2m | 4.7m |
| Net per share | 0.39 | 0.57 |

**ST. REGIS PAPER**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 707.6m | 685.1m |
| Net profits | 43.2m | 41.4m |
| Net per share | 1.25 | 1.20 |
| Nine months | | |
| Revenue | 2.23bn | 2.06bn |
| Net profits | 145.4m | 139.5m |
| Net per share | 4.21 | 4.03 |

**SCHLUMBERGER**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 1.45bn | 1.27bn |
| Net profits | 338.2m | 249.3m |
| Net per share | 1.16 | 0.87 |
| Nine months | | |
| Revenue | 4.36bn | 3.68bn |
| Net profits | 907.1m | 674.7m |
| Net per share | 3.13 | 2.36 |

**SMITH INTNL.**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 314.4m | 204.7m |
| Net profits | 40.0m | 21.5m |
| Net per share | 1.74 | 1.03 |
| Nine months | | |
| Revenue | 865.9m | 539.8m |
| Net profits | 101.8m | 55.9m |
| Net per share | 4.43 | 2.68 |

**STONE & WEBSTER**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 237.8m | 185.1m |
| Net profits | 28.7m | 26.9m |
| Net per share | 3.95 | 3.59 |

**TOSCO**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 300.7m | 574.2m |
| Net profits | 19.1m | 9.3m |
| Net per share | 0.82 | 0.44 |
| Nine months | | |
| Revenue | 2.53bn | 1.71bn |
| Net profits | †7.5m | 55.9m |
| Net per share | †0.34 | 2.62 |

† Loss

**TRANSAMERICA**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 1.06bn | 1.02bn |
| Operating profits | 68.6m | 57.3m |
| Operating share | 1.06 | 0.88 |
| Nine months | | |
| Revenue | 3.10bn | 2.97bn |
| Operating profits | 165.8m | 161.8m |
| Operating share | 2.58 | 2.48 |

**UAL**

| | | |
|---|---|---|
| Revenue | 1.38bn | 1.35bn |
| Net profits | 7.2m | 15.6m |
| Net per share | 0.24 | 0.53 |
| Nine months | | |
| Revenue | 3.92bn | 3.74bn |
| Net profits | †5.5m | 11.4m |
| Net per share | †0.19 | †0.40 |

† Loss

**UNITED ENERGY**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 1.39bn | 1.06bn |
| Net profits | 49.6m | 38.3m |
| Net per share | 1.78 | 1.49 |
| Nine months | | |
| Revenue | 3.98bn | 3.02bn |
| Net profits | 158.8m | 117.1m |
| Net per share | 5.71 | 4.54 |

**WESTERN FINANCIAL**

| Third quarter | 1981 $ | 1980 $ |
|---|---|---|
| Revenue | 58.9m | 43.0m |
| Net loss | 8.9m | 791,000 |
| Net loss per share | 4.15 | 0.34 |
| Nine months | | |
| Revenue | 161.8m | 128.4m |
| Net profits | †18.9m | 2.7m |
| Net per share | [illegible] | [illegible] |

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday November 11. *Closing prices on October 22*

**U.S. DOLLAR STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| CIBC 15⅞ 86 | 75 | 95⅞ | 96⅜ | −0¼ | −0⅞ | 16.42 |
| CIBC 16⅝ 91 | 100 | 98½ | 99 | −0½ | −0⅜ | 17.01 |
| CNA 15¼ 96 | 76 | 91½ | 92 | −0¼ | 0 | 16.74 |
| CNE 12⅝ 91 | 100 | 80½ | 81 | −0⅛ | −0⅛ | 16.87 |
| Citicorp Int. Fin. 15 86 | 150 | 96⅞ | 97⅜ | 0 | +0⅛ | 15.84 |
| Citicorp O/S 15½ 84 | 175 | 99⅜ | 98⅞ | −0⅛ | −0⅛ | 15.59 |
| Cities Service 17 88 | 150 | 102⅛ | 103⅛ | −0⅛ | −0⅞ | 15.72 |
| Con. Illinois 14¾ 84 | 100 | 95¼ | 96¼ | −0⅛ | −0⅞ | 16.55 |
| CPC Fin 16¾ 86 | 60 | 102⅛ | 103⅛ | −0⅛ | −0⅛ | 15.23 |
| EEC 14¾ 93 | 65 | 90¼ | 91¼ | −0⅛ | −0½ | 16.49 |
| EIB 16½ 88 | 100 | 98½ | 99 | −0¼ | −0¼ | 16.73 |
| Fed. Bus D. 15¾ 84 (J) | 40 | 98¾ | 99⅛ | −0½ | −0⅛ | 16.11 |
| Finland Rep. of 9½ 86 | 100 | 77¼ | 77¾ | −0⅛ | −0⅜ | 17.18 |
| Ford Cr. O/S Fin. 16 84 | 150 | 98½ | 99¼ | −0⅛ | −0⅛ | 16.48 |
| Ford Cr. O/S Fin. 16 85 | 160 | 97¾ | 98¼ | −0⅛ | −0⅛ | 16.67 |
| GMAC O/S Fin. 12⅞ 88 | 100 | 86½ | 87 | 0 | +0⅛ | 16.38 |
| GMAC O/S Fin. 14¾ 87 | 100 | 92⅜ | 92⅞ | −0¼ | −0⅜ | 16.79 |
| Gulf States O/S 17½ 88 | 80 | 100⅛ | 100⅜ | −0½ | −0⅜ | 17.35 |
| Hiram Walker 16 86 | 50 | 97½ | 98 | −0⅛ | −0⅛ | 16.64 |
| IBM Wld. Trade 14¾ 84 | 100 | 100¼ | 100¾ | −0⅛ | −0⅜ | 14.40 |
| IBM Wld. Trade 14¾ 85 | 60 | 99⅞ | 100⅜ | −0⅛ | −0⅜ | 14.64 |
| Nat. Bk. Canada 15⅛ 84 | 40 | †97½ | 97⅞ | −0⅛ | −0½ | 16.29 |
| New Brunswick 17 88 | 60 | 101⅜ | 101⅞ | −0½ | −0¼ | 16.57 |
| Newfoundland 17¾ 89 | 60 | 103¼ | 103¾ | −0½ | −0⅛ | 16.41 |
| Nova Scotia 15 91 | 75 | 91⅞ | 92⅜ | −0⅛ | −0⅜ | 16.64 |
| Pacific Gas Elec. 16 88 | 75 | 99¾ | 100¼ | 0 | −0⅛ | 15.95 |
| PSNH Int. Fin. 17 86 | 30 | 100 | 100½ | +0⅛ | +0⅛ | 16.86 |
| Royal Bk. Canada 14 86 | 100 | 95¾ | 96¼ | 0 | 0 | 15.25 |
| SNCF 13 91 | 75 | 81¾ | 82¼ | 0 | −0⅛ | 16.92 |
| Shell Canada 15¾ 91 | 100 | 97¾ | 98¼ | −0⅜ | −1 | 16.17 |
| Sth. California 14 87 | 50 | 92⅞ | 93⅜ | −0¼ | −0¼ | 16.91 |
| Sth. California 14¾ 88 | 50 | 93¼ | 93¾ | −0⅛ | −0⅛ | 15.35 |
| Swed. Ex. Credit 13 86 | 75 | 87¼ | 87¾ | −0¼ | −0⅞ | 17.34 |
| Swed. Ex. Cred. 15⅝ 88 | 60 | 95½ | 96 | −0⅜ | −0⅞ | 17.06 |
| Tenneco Int. 17 89 | 100 | 102⅛ | 102⅝ | 0 | 0 | 16.43 |
| Toronto-Dom Bk. 14 84 | 50 | 94⅞ | 95⅜ | −0⅛ | −0½ | 16.41 |
| Transcanada 17¾ 88 | 75 | 103⅛ | 103⅝ | −0⅛ | −0⅛ | 15.85 |
| Walt Disney 15¾ 86 | 100 | 98⅜ | 98⅞ | −0⅛ | −0½ | 16.06 |
| Wells Fargo Int. 15½ 84 | 50 | 99⅜ | 99⅞ | −0⅛ | −0½ | 15.68 |
| Winnipeg 17 86 | 50 | 100⅛ | 100⅝ | −0⅜ | −0⅛ | 16.88 |
| World Bank 14¾ 86 | 500 | 92½ | 93 | −0¼ | −0⅞ | 16.65 |
| World Bank 16 86 | 210 | 97½ | 98½ | −0¼ | −1 | 16.61 |
| World Bank 16 88 | 80 | 97½ | 98 | −0⅛ | −0⅛ | 16.51 |
| World Bank 16½ 86 | 130 | 98⅜ | 99⅜ | −0⅛ | −1⅛ | 16.73 |
| World Bank 16½ 88 | 100 | 98½ | 99 | −0¼ | −0½ | 16.80 |

Average price changes... On day −0¼ on week −0½

**DEUTSCHE MARK STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 10 91 | 100 | 97¼ | 97¾ | −0⅛ | −0⅛ | [illegible] |
| Austria, Rep. of 8¾ 92 | 150 | 88¼ | 88¾ | +0¼ | +0½ | 10.02 |
| CECA 7½ 92 | 150 | †85 | 85½ | −0¼ | −0⅜ | 10.17 |
| CECA 10 91 | 120 | †98⅜ | 99½ | 0 | −0½ | 10.13 |
| CII-Honeywell 8¾ 90 | 125 | †88¼ | 89 | 0 | +0⅜ | 10.40 |
| Council of Europe 10 91 | 100 | 97⅛ | 97¾ | −0⅜ | −0⅜ | 10.41 |
| EIB 8½ 90 | 200 | 88⅛ | 88⅝ | −0½ | −1⅛ | 10.54 |
| EIB 10½ 91 | 200 | †100 | 100⅝ | −0½ | −0⅜ | 10.41 |
| FSCOM 9¼ 87 | 100 | 91 | 91½ | −0⅛ | −0¼ | 11.33 |
| Finland Rep. of 10 89 | 100 | 97 | 97½ | −0⅛ | −0½ | 10.52 |
| Iberduero SA 9 90 | 100 | †90¼ | 91 | 0 | 0 | 10.68 |
| Ind. Bk. Finland 8½ 90 | 50 | †89 | 89¾ | 0 | −0⅜ | 10.37 |
| Int.-Am. Dv. Bk. 10 91 | 100 | †98½ | 99¼ | −0¼ | −0¼ | 10.17 |
| Japan Air Lines 8⅛ 87 | 100 | 93 | 93½ | +0⅛ | +0½ | 9.84 |
| Japan Dev. Bk. 7¾ 87 | 100 | 89¾ | 90¼ | −0¼ | −0¼ | 9.95 |
| Kobe, City of 8 90 | 100 | 89¾ | 90¼ | −0⅞ | −0⅛ | 9.74 |
| Midland Int. Fin 8½ 90 | 180 | 90¼ | 91¼ | −0⅛ | −0⅛ | 10.07 |
| Nuclebras 9¾ 88 | 100 | †89¾ | 90½ | 0 | −0½ | 11.92 |
| OKB 8¼ 92 | 150 | †87¼ | 88 | 0 | +0¼ | 10.19 |
| Oslo, City of 8¾ 90 | 90 | 91⅜ | 92⅜ | −0¼ | −0¼ | 10.20 |
| Renault Acc. 10¾ 86 | 150 | 98¼ | 98¾ | −0½ | −0⅞ | 11.18 |
| Venezuela R. of 9¾ 90 | 150 | 93½ | 94 | −0⅛ | −0⅛ | 10.87 |
| World Bank 8 90 | 700 | 86½ | 87 | −0¼ | −1⅛ | 10.38 |

Average price changes... On day −0¼ on week −0½

**SWISS FRANC STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aeroport Paris 6½ 91 | 80 | 92½ | 92¾ | +0⅛ | +1⅛ | 7.51 |
| BFCE 6½ 91 | 100 | †91 | 92 | +0⅛ | +0⅛ | 7.61 |
| Bayer Int. Fin. 5¾ 92 | 100 | †87 | 87½ | +0⅛ | +2½ | 6.99 |
| Belgelectric Fin 7¾ 91 | 100 | 99⅞ | 100⅛ | 0 | +0⅜ | 7.74 |
| Bergen, City of 6¾ 91 | 40 | †96½ | 97 | 0 | +0⅜ | 7.23 |
| CECA 6¾ 91 | 80 | 92⅞ | 93⅛ | +0⅛ | −1⅛ | 7.81 |
| Denmark 5¾ 90 | 80 | †87½ | 88½ | 0 | +1⅛ | 7.69 |
| Dome Petroleum 5¾ 91 | 100 | 87¾ | 88 | −0¼ | 0 | 7.61 |
| Dome Petroleum 7¾ 90 | 100 | 100⅜ | 100⅞ | +0⅜ | +0⅜ | 7.20 |
| Elet. de France 5¼ 90 | 100 | †83 | 83½ | −0⅛ | −2⅛ | 7.94 |
| Eurofima 5¾ 92 | 80 | †88 | 89 | 0 | −0¼ | 7.31 |
| Finland, Rep. of 5¾ 90 | 80 | †87 | 88 | +0¼ | +1⅛ | 7.62 |
| Franc. Petroles 6½ 91 | 90 | 90 | 90¼ | −0⅜ | 0 | 8.02 |
| Genstar 7 91 | 100 | 95⅜ | 95¾ | +0⅛ | −0¼ | 7.06 |
| Int. Amer. Dv. Bk. 7 91 | 100 | 93 | 93¾ | 0 | −1⅛ | 8.05 |
| Japan Dev. Bank 5¾ 90 | 100 | 92 | 92¼ | −0⅛ | +0¼ | 6.95 |
| Mt. Blanc Tunnel 5½ 90 | 60 | 84¼ | 84¾ | −0¼ | +0¼ | 8.00 |
| Newag 5¾ 90 | 80 | 89⅛ | 89½ | +1½ | −0½ | 7.44 |
| OKB 7 93 | 100 | 97¼ | 97½ | 0 | +0½ | 7.34 |
| Oslo, City of 5⅞ 90 | 80 | †90 | 90½ | +0⅛ | +1⅞ | 7.40 |
| Philips Lamps 5¾ 92 | 100 | 85¼ | 85½ | −0⅛ | −1¼ | 7.25 |
| Swed. Ex. Credit 7¾ 91 | 75 | 93¼ | 94 | +0½ | +0⅞ | 8.21 |
| Trade Dev. Fin. 6½ 90 | 50 | †86 | 85½ | −1⅞ | −0⅜ | 8.55 |
| Voest-Alpine 5¾ 90 | 80 | 85½ | 86 | 0 | −0¼ | 8.05 |
| World Bank 6 91 | 100 | 87⅜ | 87⅞ | −0⅛ | −1⅛ | 7.92 |
| World Bank 7 90 | 100 | 96¾ | 97 | +0⅛ | +1 | 7.50 |

Average price changes... On day 0 on week +0⅛

**YEN STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 8⅜ 91 | 15 | 96½ | 97½ | 0 | +0⅛ | 8.71 |
| Australia 6½ 88 | 20 | 85¼ | 86¼ | 0 | −0⅛ | 9.45 |
| EIB 7¾ 89 | 12 | 93⅜ | 94⅜ | 0 | −0⅛ | 8.81 |
| Finland 6.8 88 | 10 | 86¾ | 87¾ | 0 | −0⅛ | 9.57 |
| Finland, Rep. of 8¾ 87 | 15 | 96 | 97 | 0 | −0¼ | 9.18 |
| New Zealand 8¾ 87 | 15 | 96¾ | 97¾ | 0 | −0⅛ | 9.00 |

Average price changes... On day 0 on week −0⅛

**OTHER STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| CIBC 13½ 85 C$ | 50 | 90 | 91 | −0¼ | +0¼ | 17.18 |
| CIBC 11½ 86 C$ | 80 | 84¼ | 85¼ | 0 | +0⅛ | 17.31 |
| Federal Dev. 11½ 90 C$ | 60 | †76 | 77 | −1½ | +0⅛ | 16.78 |
| Federal Dev. 17¾ 86 C$ | 40 | †99⅝ | 100½ | −0⅛ | +0⅛ | 17.78 |
| Frt. Cen. Inv. 10 84 C$ | 50 | †85 | 86 | −1 | 0 | 17.38 |
| GMAC (Can) 18 87 C$ | 60 | †104½ | 105½ | 0 | −0⅛ | 17.08 |
| Tordom Con. 13½ 86 C$ | 30 | †93 | 94 | −0⅛ | 0 | 15.93 |

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| M. Bk. Dnmk. 9 91 EUA | 25 | 78¾ | 79¾ | 0 | −1⅛ | 12.82 |
| SOFTE 8¾ 89 EUA | 40 | 75 | 76 | 0 | +0⅛ | 13.66 |
| U. Bk. Nwy. 9½ 90 EUA | 18 | 80¾ | 82 | 0 | −0⅛ | 13.29 |
| Algemene Bk. 10¾ 86 Fl | 60 | 93⅛ | 93⅝ | −0⅛ | −0⅛ | 12.72 |
| Amro Bank 12 86 Fl | 75 | 99 | 99½ | +0⅛ | −0⅛ | 12.18 |
| Heineken NV 10 87 Fl | 100 | 92½ | 93 | −0⅛ | −0⅛ | 11.75 |
| Nat. Nedrlndn. 10 86 Fl | 60 | 93⅜ | 93⅞ | +0⅛ | −0⅛ | 11.45 |
| Ned. Midd. Bk. 10 85 Fl | 75 | 95¼ | 95¾ | −0⅛ | −0⅛ | 11.57 |
| Pierson 10¾ 86 Fl | 60 | 93⅜ | 93⅞ | 0 | −0⅛ | 12.29 |
| Rabobank 12 86 Fl | 50 | 99⅜ | 100⅛ | 0 | −0⅛ | 11.97 |
| Air France 14¾ 86 FFr | 200 | 91⅛ | 92⅝ | 0 | +0⅛ | 17.1 |
| Bk. America 14½ 86 FFr | 250 | 91⅜ | 92⅜ | −0⅛ | +0½ | 17 |
| Charb'nages 13⅞ 85 FFr | 400 | 91½ | 92½ | +0⅛ | +0⅞ | 16 |
| EIB 14¼ 86 FFr | 300 | 87⅜ | 88⅜ | −0⅛ | +1¼ | 17 |
| La Redoute 14¾ 85 FFr | 125 | 89⅜ | 90⅜ | −0⅛ | +1¼ | 17 |
| OKB 14 86 FFr | 400 | 91 | 92 | −0⅛ | +0⅛ | 16 |
| Solvay et C. 14¾ 86 FFr | 200 | 90¾ | 91¾ | +0⅛ | +0⅛ | 17 |
| Swed. E. Cr. 14¾ 86 FFr | 250 | 88⅞ | 89⅞ | 0 | +0½ | 18 |
| U. Mex. Sts. 14 85 FFr | 150 | 91¼ | 92¼ | −0⅛ | +0¼ | 17 |
| Acona 14 85 £ | 20 | 89⅛ | 90⅛ | 0 | 0 | 17.57 |
| Beneficial 14¼ 90 £ | 20 | 80½ | 81½ | −0⅛ | −0⅛ | 15 |
| BNP 13½ 91 £ | 15 | 83¼ | 84¼ | −0⅛ | +0½ | 17.0 |
| CECA 13½ 88 £ | 20 | 85¼ | 86 | −0⅛ | −0⅛ | 17.1 |
| Citicorp O/S 13½ 90 £ | 50 | 86⅛ | 86⅞ | 0 | −0⅛ | 16.5 |
| Fin. Ex. Cred. 13¾ 86 £ | 15 | 89⅞ | 90⅞ | 0 | 0 | 16.2 |
| Gen. Elec. Co. 12⅞ 89 £ | 50 | 83¼ | 84 | +0⅛ | −1 | 15.4 |
| Hiram Walker 14¼ 86 £ | 25 | 90½ | 91½ | 0 | −0⅛ | 17.7 |
| Privatbanken 14½ 88 £ | 12 | 89⅞ | 90⅞ | −0⅛ | −0⅛ | 17.0 |
| J. Rothschild 14¾ 90 £ | 12 | 88¼ | 89¼ | −0⅛ | −0⅛ | 16.7 |
| Royal Trustco 14 86 £ | 12 | 90⅜ | 91⅜ | −0⅛ | −0⅛ | 17.1 |
| Swed. Ex. Cr. 13¾ 86 £ | 20 | 89¼ | 89⅞ | −0⅛ | +0⅛ | 17.2 |
| Akzo 9¼ 87 LuxFr | 500 | 85¼ | 86¼ | 0 | +0⅛ | 12.7 |
| Euratom 9¾ 88 LuxFr | 500 | 86⅞ | 87⅞ | 0 | +0⅛ | 12.7 |
| Eurofima 10½ 87 LuxFr | 500 | 88½ | 89½ | −0⅛ | +0⅛ | 13.27 |
| EIB 9¾ 88 LuxFr | 600 | 84 | 85 | +0⅛ | 0 | 13.5 |
| Volvo 9¾ 87 LuxFr | 500 | 83¾ | 84¾ | 0 | −0⅛ | 13.7 |

**FLOATING RATE NOTES**

| | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Bank of Montreal 5¼ 90 | 0⅛ | 98⅞ | 99⅜ | 16/12 | 16⅝ | 16.91 |
| BBL Int. 5 88 | 0¼ | 99¼ | 99¾ | 20/11 | 18.31 | 18.38 |
| BNP 5½ 88 | ‡0¼ | 99⅜ | 99⅞ | 29/10 | 18.62 | 18.86 |
| Christiana Bk. 5½ 91 | ‡0¼ | 99⅜ | 99⅞ | 6/11 | 19.19 | 19.41 |
| Co-Ben Eurofin 5¼ 91 | 0¼ | 98⅜ | 98⅞ | 14/4 | 16.38 | 16.96 |
| Co-operative Bk. 6 86 | 0¼ | 99⅛ | 99⅜ | 16/11 | 19.88 | 19.69 |
| Den Norske Credit 6 90 | ‡0¼ | 99 | 99½ | 5/11 | 18.19 | 18.33 |
| Genfinance 5¼ 87 | 0¼ | 99⅜ | 99⅞ | 30/10 | 16.88 | 17.06 |
| Genfinance 5¼ 92 | 0¼ | 99½ | 100 | 30/12 | 16.37 | 16.35 |
| Giro und Bank 5¼ 91 | ‡0¼ | 99¼ | 99¾ | 23/12 | 17⅝ | 17.81 |
| GZB 5¾ 92 | ‡0¼ | 98⅜ | 99⅜ | 5/12 | 17¼ | 17.42 |
| Ind. Bank Japan 5¼ 88 | 0¼ | 99⅜ | 99⅞ | 3/4 | 16⅞ | 16.88 |
| Lloyds Eurofin 8 90 £ | 0¼ | 96 | 96¼ | 5/1 | 13⅝ | 14.14 |
| Lloyds Eurofin 5¼ 92 | 0¼ | 98⅞ | 99⅜ | 4/12 | 17.44 | 17.59 |
| Lloyds Eurofin 5¼ 93 | 0¼ | 98⅜ | 98⅞ | 29/10 | 8⅝ | 5.37 |
| LTCB Japan 5¼ 86 | 0¼ | 99⅜ | 100⅛ | 13/12 | 17⅝ | 17.27 |
| LTCB Japan 5⅞ 89 | 0¼ | 99⅜ | 99⅞ | 16/1 | 18.32 | 18.39 |
| Man. Hanov. O/S 5¾ 94 | ‡0¼ | 99⅞ | 100⅛ | 30/11 | 19⅝ | 19.40 |
| Midland Int. Fin. 5¼ 92 | 0¼ | 99⅜ | 99⅞ | 5/12 | 17⅝ | 17.46 |
| Midland Int. Fin. 9 91 | 0¼ | 98⅜ | 99⅜ | 30/10 | 18.31 | 18.66 |
| Nacional Fin. 5½ 88 | 0¼ | 98 | 98½ | 25/3 | 17.31 | 17.52 |
| Nat. Bk. Canada 5¼ 88 | 0¼ | 99⅛ | 99⅜ | 24/3 | 17.31 | 17.42 |
| Nat. West. 5¼ 94 | §0¼ | 99⅛ | 99⅝ | 15/5 | 16⅝ | 16.39 |
| Nat. West. Fin. 5¼ 91 | §0¼ | 99⅜ | 99⅞ | 15/1 | 18⅝ | 18.74 |
| Nat. West. Fin. 5¼ 92 | §0¼ | 98⅜ | 99⅜ | 23/10 | 16.81 | 16.98 |
| Pemex 6 91 | 0¼ | 97½ | 98 | 9/4 | 17⅝ | 17.29 |
| Pemex 5¾ 88 | 0¼ | 97¾ | 98¼ | 14/2 | 18.81 | 18.77 |
| Sanwa Int. Fin. 5¼ 88 | 0¼ | †99 | 99½ | 24/3 | 17⅝ | 17.36 |
| Societe Generale 5¼ 91 | 0¼ | 98⅜ | 99⅜ | 22/1 | 18⅝ | 18.81 |
| Sparebanken 6 87 | 0¼ | 98½ | 99 | 19/12 | 16.81 | 17.03 |
| Svenska Hndlsbk. 5 87 | 0¼ | 99⅜ | 100⅛ | 15/1 | 18⅝ | 18.13 |

Average price changes... On day 0 on week −0⅛

**CONVERTIBLE BONDS**

| | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5¼ 96 | 7/81 | 933 | 80½ | 82 | −0⅛ | 2.66 |
| Bow Valley Inv. 8 95 | 4/81 | 23.12 | 93¼ | 94¾ | +1¼ | 40.73 |
| Canon 6¾ 95 | 1/81 | 829 | 113½ | 115¼ | +2⅛ | 2.04 |
| Daiwa Secs. 5½ 96 | 12/81 | 539 | 71¼ | 72¾ | −0½ | −1.88 |
| Fujitsu 4½ 96 | 10/81 | 6770 | 95 | 96½ | −1½ | 12.46 |
| Furukawa Elec. 5¼ 96 | 7/81 | 300 | 102⅛ | 103⅝ | +1⅞ | 7.71 |
| Hanson O/S Fin. 9½ 95 | 8/81 | 2.74 | †81 | 82 | 0 | 0.39 |
| Hitachi Cred. Cpn. 5 96 | 7/81 | 1966 | 78½ | 80½ | +0½ | 12.25 |
| Inchcape 8 95 | 2/81 | 4.55 | 57 | 58½ | +0⅛ | 22.53 |
| Kawasaki 5¾ 96 | 9/81 | 229 | 78½ | 79¾ | −2¼ | −0.27 |
| Marui 6 96 | 7/81 | 931 | 82½ | 84 | −2½ | −2.17 |
| Matsushita El. 7½ 95 | 11/80 | 590 | 75½ | 77½ | −1½ | −1.57 |
| Minolta Camera 5 96 | 10/81 | 906 | 71¼ | 73¼ | −2 | 5.08 |
| Murata 5¼ 96 | 7/81 | 2190 | 72½ | 74¼ | −5¼ | −3.05 |
| NKK 6½ 96 | 7/81 | 188 | 86¼ | 87½ | −3¼ | −10.49 |
| Nippon Chemi-C. 5 91 | 10/81 | 919 | 76 | 78 | +0½ | 1.34 |
| Ricoh 6¾ 95 | 8/80 | 604 | 113¾ | 115¾ | −3⅛ | −2.47 |
| Sanyo Electric 5 96 | 10/81 | 652 | 79¾ | 81¼ | −2¼ | 9.06 |
| Sumitomo Met. 5½ 96 | 10/81 | 305 | 74¼ | 75¾ | −2⅛ | 2.29 |
| Swiss Bk. Cpn. 6¾ 90 | 9/80 | 200 | 70 | 72 | −0⅛ | 16.07 |
| Taylor Woodrow 8¾ 90 | 1/81 | 4.84 | 75 | 76 | 0 | 1.86 |
| Tranaco Int. 8⅛ 95 | 2/81 | 98 | 73¼ | 75¼ | +0⅛ | 21.34 |
| Tricorp 8½ 95 | 12/80 | 31.25 | 68⅞ | 70 | 0 | 29.73 |
| Union Bk. Switz. 5 89 | 2/80 | 70.79 | 76½ | 78¼ | −0⅛ | 10.76 |
| Sharp Cpn. 6½ 88 DM | 9/80 | 591.8 | 152⅞ | 153¼ | +0⅛ | −2.42 |
| Uny Co. 6½ 95 DM | 11/79 | 879.3 | 102 | 103 | +2 | 1.12 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units, except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Matra free to negotiate on joint holdings

By David White in Paris

THE FRENCH Government has authorised Matra, the arms and electronics group, to re-negotiate shareholdings in its joint ventures with U.S. companies in order to cushion the impact of nationalisation measures.

The authorisation is part of the unpublished agreement reached with Matra management under which the state is to acquire a 51 per cent stake.

Aimed at forestalling the potential loss of crucial sources of microchip technology, it goes further than the general provision contained in the Government's nationalisation Bill for the companies concerned to discuss their future links with overseas partners.

According to Government officials, it refers specifically to cases in which U.S. partners have proved unwilling to stay in a venture in which a State-controlled French organisation holds the controlling stake.

It is foreseen that Matra should reduce its holding to below 50 per cent by making over shares to individuals. These shareholders would be likely to include M Jean-Luc Lagardere, the Matra chairman. The Government has reserved for itself the right to accept or refuse the new shareholders.

The companies involved include Matra Harris Semiconducteurs, a key element in France's "components plan." Set up as a 51-49 joint venture with the Florida-based Harris group, this has been in production since late last year, and this year went into a further joint venture with Intel of the U.S. initially aimed at pooling research on a wider range of integrated circuits.

Also potentially concerned are Matra Informatique, in which Matra holds 55 per cent alongside TRW of the U.S., and a new project, under 51 per cent Matra control, for computers designed by the Tandy group to be made in France.

The agreement comes as French authorities are pursuing discussions with Honeywell of the U.S. on the future of France's Cii-Honeywell Bull computer group, in which Honeywell holds 47 per cent and whose main French shareholder, Saint Gobain, is being nationalised.

Officials indicated that the agreement with Matra covered only the transfer of shares to individuals, but said that if necessary the Government would be ready to discuss increases in the foreign partners' participation. M Lagardere, whose board approved the agreement last week, is currently holding talks in the U.S.

The Government, whose initial idea of taking over Matra's armaments division proved impractical, is to acquire its stake in two moves, by subscribing to a capital increase and by buying a third of the existing shares in exchange for bonds, at a total cost of about FFr 1bn ($180m).

Matra's current shareholders are to keep control of the group's publishing and broadcasting interests.

**David Housego** in Paris explains how part of a bank escaped nationalisation

# Paribas partners outmanoeuvre M Delors

THERE COULD be no more vivid example of the almost tragic naivety which the French Government has displayed in implementing its nationalisation programme than the way it has allowed the leading foreign banking subsidiary of Paribas to slip from its grasp. M. Andre de Pfyffer, president of Pargesa Holding, claimed yesterday that his investment group had now secured more than 50 per cent of the shares of Paribas Suisse.

Though French officials were still searching for some legal means to block the deal, it seemed clear that there was little the Government could now do but huff and puff.

The battle over Paribas Suisse has been between a group of international financiers who saw the nationalisation of Paribas, with which they were closely involved, as damaging to their interests and who then organised themselves to thwart it and an inexperienced Socialist Administration which in the euphoria of taking office failed to see the pitfalls of taking over multinational companies and banks. They have since leaned too heavily on appeals to negotiation and fair play.

Inevitably, the loss of Paribas Suisse greatly weakens the Paribas industrial and banking group, whose strength has been in the fast expansion of its international operations. M de Pyffer repeated yesterday that it was possible that Pargesa would bid for other Paribas foreign subsidiaries. The goal is evidently to reconstruct Paribas' international operations around Pargesa, though it is still unclear how far this will succeed.

But at any event the Socialists have been robbed of a total takeover of Paribas—a symbol to many in the party of a distasteful financial empire that amounted to a "state within a state." In the midst of this drama, M Pierre Moussa, the chairman of the Paribas Board resigned on Tuesday. It is still not clear whether he was pushed out or took his own leave, but for the head of a major group to resign in such circumstances is almost unheard of in contemporary French commercial history. M Pierre Mauroy, the Prime Minister, scathingly accused him yesterday of not behaving like a "citizen" and having the "mentality of an emigre, which is very serious." How did it all come about?

What has made the nationalisation of Paribas so sensitive are the links it has built up over the years with similar, fast-moving, risk-taking institutions abroad as part of its strategy of rapidly expanding its international operations. Thus Paribas has a 20 per cent stake in A. G. Becker of the U.S., 19 per cent in the Power Corporation

M Pierre Moussa, former Paribas chairman

of Canada, 25 per cent in S. G. Warburg and other holdings in Sun Hun Kai of Hong Kong and Schlumburger, the Franco-American oilfield services and computer group.

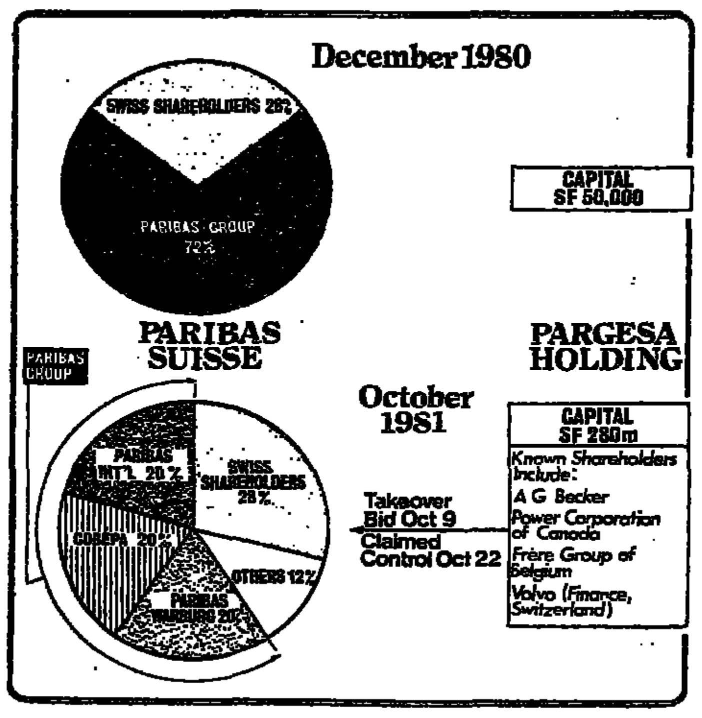
On the heels of the French Government's announcement of its plans to take-over Paribas, Becker and the Power Corporation in particular made clear they had no wish for marriage with a State partner. There were also rumblings among the Belgian shareholders of Cobepa, the Brussels-based holding group in which Paribas had a 60 per cent stake, in protest at the take-over. To those with complaints, the French Government offered case by case negotiation.

The first hint that Paribas' foreign associates had other plans came on October 9, when Pargesa, which had been an unknown Geneva-based company with a capital of a meagre SwFr 50,000 announced a take-over offer for Paribas (Suisse). A few days before Pargesa had bumped up its capital to SwFr 280m. Among its shareholders were Becker and the Power Corporation. Its president, M de Pyffer, is also on the Board of Paribas (Suisse), which immediately accepted the offer.

The bid put a value on Paribas (Suisse) of FFr 2.3bn compared with the FFr 3.6bn the French Government is offering for the whole of the Paribas group. The Swiss subsidiary constitutes about one tenth of the group's net worth. The bid at least demonstrated foreign shareholders' opposition to the Government's compensation terms.

At that stage the Government felt that it could still block the transaction, even though it did not have direct power over Paribas until the nationalisation Bill was approved by the National Assembly. The Paribas group, which at the end of 1980 had a 72 per cent stake in Paribas (Suisse), had still 60 per cent, or a comfortable majority. Furthermore, the Government had told all groups on the nationalisation list to suspend any transaction that would alter their structure until the Bill had been passed.

Despite this it soon emerged that a substantial reshuffle of shares had taken place within Paribas' 60 per cent holding in its Swiss subsidiary. The result of this was to provide Cobepa with a 20 per cent stake while reducing Paribas International's direct holding to 20 per cent as well. Most of the remainder was held by the half-owned Paribas Warburg. Whether Paribas could block the deal was now in doubt.




In anger, M Jacques Delors, the Finance Minister, took the unusual step of demanding a written pledge—which he received on October 12—from M Moussa that he would still do all in his power to prevent the takeover. Probably as persuasive in allaying M Delors' fears was a verbal assurance he had from M Moussa that "all would be well." Beyond that it certainly seemed inconceivable to French officials that either M Moussa or the foreign associates of Paribas would carry their campaign to the point of challenging the authority of the French State.

By Wednesday, when M Moussa resigned from the board and M Delors accused him before the National Assembly of not fulfilling his pledge, it was clear that for the Government the game had been lost. M Moussa is an extraordinarily complex character, determined to the point of obsession to preserve the Paribas that he had built. It would seem that he went beyond what the board had authorised, though his side of the story will remains to be told.

There is no doubt that the loss of Paribas (Suisse) is also a political defeat for the Government on a scale that the opposition could never have hoped to achieve in the stormy debate now taking place in the National Assembly. But equally, if the Government is faulted by public opinion for naivety, it can expect French nationalist sympathy to be strongly on its side against what is seen here as unscrupulous manouevring abroad.

# AEG to meet banks for further support

BY KEVIN DONE IN FRANKFURT

AEG-TELEFUNKEN, the West German electrical and electronics concern, is to meet members of its 24-strong banking consortium today in a bid to gain further financial support for its far-reaching re-structuring programme.

The financially-troubled electrical concern, the second largest in West Germany, is already 50 per cent-owned by the banks, led by Dresdner since the unprecedented rescue launched by the financial and industrial community at the end of 1979.

The banks stepped in to provide nearly DM 1bn ($450m) in new equity and financial and industrial companies provided more than DM 400m in unsecured loans.

Since early 1980, AEG, under Herr Heinz Dürr, its new chairman, has been seeking to secure its future by co-operation and joint ventures which would underwrite its continuing expansion in costly research and development intensive areas such as telecommunications.

At the same time it has also sought to find partners in more mature markets, such as electric motors, power tools consumer electronics and household appliances to allow it to spread manufacturing and development costs.

AEG is today seeking not only financial help from the banks, but also its support for the re-structuring strategy, which inevitably involves the sale of some of its most attractive assets.

Herr Durr appears to have abandoned hopes of finding a major new shareholder willing to shoulder the financial burden of completing the rescue of the whole concern. Instead, he is preparing a series of smaller ventures to underwrite specific operations.

The centre-piece of the reorganisation is the proposed major new telecommunications venture in co-operation with Robert Bosch, and AEG's 39 per cent owned Telefonbau und Normalzeit, the telephone systems company. Mannesmann, the mechanical engineering and steel pipes group may also join

AEG has made clear progress in the past two years in its attempts to improve productivity, streamline production and cut losses, but it is still working deeply in the red.

Last year its losses were cut to DM 278m after the deficit of DM 968m in 1979, but further big losses will be reported for 1981 and 1982, and even Herr Dürr is not expecting the group to break even before 1983.

Herr Dürr has been successful in demanding sacrifices from the workforce, not only in the shape of job losses but also in an agreement in which the AEG employees agreed to accept a cut of two-thirds in their future pension rights.

Herr Dürr has firmly rejected any claims that he is "asset-stripping," but he now needs further help from the banks, probably in the form of restructuring or a write down of part of the group's mountain of debts, if he is to gain the time for his re-structuring plans to work.

# Norwegian shipping group ahead

By Fay Gjester in Oslo

**SIG BERGESEN, a leading Norwegian shipping group, reports pre-tax profits before extraordinary items of NKr 172.2m ($28.8m) for the first eight months of 1981, compared with NKr 113.1m for the same 1980 period.**

Profits from ship sales lifted the eight months results to NKr 229.7m. Although the final four months of 1981 are expected to show a "significantly lower" level of profit than the first eight, partly because of the falling value of the dollar, the group expects profits for the year as a whole to be as good or better than any previous year. The 1980 pre-tax result was about NKr 200m, after special adjustments.

The report says that rates on the tanker market continue below break even. The market for LPG tankers has also been weaker this year, although rates for the largest vessels in this sector have improved during the autumn. Dry cargo rates have been easing in the past few months, but only one of Bergesen's bulkers has been affected by the trend

The offshore market continues to be good and the group expects increased profits from its construction barge currently under contract to Pemex in the Gulf of Mexico.

Under a deal with the state-backed Guarantee Institute for ships and drilling rigs, the group recently acquired the 51 per cent stake in three tankers owned by the troubled Biernstad company.

# Capital plan and London quote for Norgas

BY FAY GJESTER IN OSLO

NORGAS, the Norwegian pharmaceuticals, industrial gases and welding equipment group, plans to raise around NKr 200m ($34m) through a rights issue and an issue of convertible bonds.

The company, which yesterday announced sharply higher profits for the first eight months of 1981, also intends shortly to apply for a London share listing.

Helped by acquisitions, sales for the eight months ended August increased by almost half to NKr 540m, while profits doubled to NKr 66m. Turnover for the whole of 1981 is expected to total NKr 1.35bn.

This year has seen rapid expansion at Norgas. In May it raised capital to NKr 116.6m when it took over Nyegaard, the pharmaceuticals group. Soon afterwards, in a deal worth NKr 38m, it acquired the Dutch welding company, Smitweld.

The company's financial management remains active. Norgas now proposes a one-for-15 scrip issue, and to follow this with a rights issue involving 200,000 shares at a price of between NKr 600 and NKr 650 each.

In addition, Norgas plans to float a NKr 75m convertible bond which could—if bondholders eventually convert to shares—raise its equity capital by a further NKr 12.5m to a total of NKr 157.1m, against NKr 33m earlier this year.

In order to widen the market for Norgas shares, present shareholders will not be given prior rights to subscribe to the rights or the convertible bond issues. The scrip issue is intended as compensation for this.

Before a London listing is sought, the Norwegian Government must consent to an increase—from 20 to 30 per cent—in the maximum proportion of Norgas capital which foreigners are permitted to hold. The group expects this will be granted.

As well as reflecting the acquisition of Nyegaard and Smitweld, Norgas' interim sales performance was boosted by a big increase in sales by Unitor Ships Service, one of the largest companies in the group.

VTR SALES BOOST EXPORTS

# Peak profit at Matsushita Electric

BY YOKO SHIBATA IN TOKYO

THE LARGEST electric appliance group in the world, Matsushita Electric Industrial, lifted consolidated earnings and sales in the third quarter to record levels. For the three months ended August 20, profits increased by 25 per cent to Y39.11bn ($167.53m) on sales which went up by 20 per cent to Y865bn over the same period last year.

The record results were helped by strong export performances, particularly for the profitable video tape recorders (VTRs). Summer sales were also better than expected, partly because of the hot weather in July and August.

Domestic sales contributed 52.6 per cent, a rise of 6 per cent, and overseas sales 48.4 per cent (up 39 per cent) to the total turnover in the third quarter. In the same period last year overseas sales accounted for 41.6 per cent of the total.

Earnings per share were Y27.85 compared with Y24.23.

At the nine-month stage, consolidated profits and sales also reached record levels. Earnings rose by 23 per cent to Y110.15bn on sales of Y2,484.82bn, up 19 per cent over the same period in the previous year.

*Domestic sales for the nine* months, representing 54.6 per cent of total turnover, advanced 6 per cent and overseas sales increased by 39 per cent to contribute 46.4 per cent to the total.

By product group, sales of VTR-related products such as VTRs, VTR cameras and tapes and colour television sets rose 44 per cent to account for one third of the total. VTR sales alone totalled Y185bn in the third quarter, an increase of 80 per cent on the previous year.

The Matsushita group now produces 250,000 VTR units per month between three companies: Matsushita parent company, Matsushita Kotobuki Electronics (a 60.5 per cent-owned subsidiary) and Victor Company of Japan (JVC, a 50 per cent-owned subsidiary).

The parent company markets VTRs to the world's major markets under the brand names of National and Panasonic. Most of Matsushita Kotobuki's products are sold in the U.S. under the names of RCA, Sylvania, GE, Magnavox, Curtis Mathes and Qasar. JVC concentrates on European markets with OEM (original equipment manufacturer) supply contracts with Saba, Nordmende, Telefunken, SEL, Thorn-EMI and Thomson-Brandt.

Sales of domestic electric appliances rose by 19 per cent to account for 18 per cent of the total.

In the third quarter the company suffered exchange losses totalling Y4.5bn caused by the yen's appreciation. This negative factor, however, was cancelled out by the positive effects from volume production of profitable VTRs.

For the current and last quarter ending November 20, the upward trend of VTR exports is expected to continue and domestic demand for consumer goods is also expected to pick up. Full-year consolidated net profits are projected at Y148bn, up 19 per cent, on consolidated sales of Y3,380bn, up 16 per cent from the previous year.

Meanwhile, Victory Company of Japan is raising its interim dividend from Y5 to Y6.25 a share and says it plans to increase the total dividend for the year to the end of next March from Y11.25 to Y20 a share.

Profits after tax for the half-year ended September 20 amounted to Y9.51bn, compared with Y6.19bn for the previous corresponding period, on sales of Y235.2bn against Y18.1bn previously.

The directors forecast that full-year after-tax profits should rise 46 per cent to Y21bn from Y14.38bn last year, with sales increasing 38 per cent from Y361.8bn to around Y500bn.

The expected rises in sales and profits are due mainly to active sales of video cassette recorders, which rose 73 per cent in the half-year just ended.

# Land Rover Malaysian franchise goes to Sime

BY WONG SULONG IN KUALA LUMPUR

*SIME DARBY, the diversified* Malaysian group, announced yesterday that it has signed an agreement with Land-Rover of the UK to take over the assembly and distribution of its products in Malaysia and Singapore. The deal means a further loss in the motor trade for Inchcape, the Singapore-based subsidiary of the UK-based Inchcape group, which recently *lost the lucrative 600m ringgit* (US$262m) Toyota franchise in Malaysia.

Under the Sime Darby deal, Land Rover Malaysia, a new Malaysian incorporated company, will be formed to assemble Land-Rover and Range Rover vehicles for Malaysia, Singapore and Brunei starting on January 1 next.

Pernas Sime Darby will hold *an undisclosed majority stake* in the new company, with Land-Rover holding the minority share. The distribution of Land-Rover products in Singapore would be undertaken by Tractors Singapore.

The Sime Darby group has a long involvement in the motor *retail trade, particularly* in Hong Kong, and last year won the Ford franchise for Malaysia.

Compared with the Toyota *franchise*, the Land-Rover agency is small, and is estimated at around 25m ringgit a year. It is believed that Land-Rover UK is unhappy with Inchcape over the stagnating sales in recent years, and is concerned about the Japanese en*croachment in Malaysia and* Singapore, which were once the preserves for large British commercial vehicles and trucks.

Under the terms of the agreement, Land Rover Malaysia proposes to assemble Land-Rover and Range Rover vehicles at the Associated Motor Industries Malaysia (AMIM) vehicle assembly plant in Shah Alam, near Kuala Lumpur.

● *In a separate announcement* Sime Darby said that it is proposing to Kempas (Malaya), its second biggest plantation subsidiary, to acquire 24.14m shares or 48.2 per cent of the issued share capital it does not already own in a deal worth 169m ringgit (US$73.8m).

# Tata Engineering stages strong half-year advance

BY K. K. SHARMA IN NEW DELHI

*ENCOURAGING* results are reported by Tata Engineering and Locomotive (Telco) for the first half of 1981-82. Gross profits were R238m ($26.4m) compared with Rs170m for the same period of the previous year—a rise of 40 per cent. Telco is the largest manufacturer of commercial vehicles in India with plants in Jamshedpur and Poona.

*Turnover in the period in*creased by 46 per cent to Rs 3.1bn compared with Rs 2.1bn in the first half of 1980-81. The company expects the trend to be maintained throughout the rest of the year and annual sales could exceed Rs 8bn against 1980-81's Rs 6.09bn.

The improved performance is due partly to the installation of the group's own power generating sets in the two plants at a cost of Rs 120m since this has enabled Telco to overcome the problem of power supply cuts.

The company manufactured 20,357 commercial vehicles in April-September 1981, compared with 14,176 in the same period last year. The target for 1981-82 is 45,000 vehicles.

● Premier Automobiles, whose plant in Bombay makes commercial vehicles and one of the two cars manufactured in India, has recommended a dividend of 15 per cent for the year ended June—the first payment in 14 years by the company which last made a 2.5 per cent distribution in 1965-66.

*The company has reported* a sharp rise in sales and profits in the last year despite a three-month strike which affected production. Turnover increased by 49 per cent to Rs 10.41bn from Rs 6.96bn previously. This was partly due to a rise in prices.

Gross profits almost doubled to Rs 91m from Rs 46.3m with net profits amounting to Rs 80m against Rs 35m previously.

Premier Automobiles hopes *to show a further improvement* in performance in the current year when production of cars and commercial vehicles is expected to show a marked increase if the labour situation remains stable.



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# The rush of Britons to emigrate

By Frank Gray

Mrs Nancy Mossman of the Migration Office at Australia House counselling would-be British emigrants

Hugh Routledge

SEPTEMBER 3 was one of the happiest days in the lives of Timothy and Fay Castle and of their 10-year-old son Tallon and nine-year-old daughter Amber.

On that day they and some 40 other British residents received final clearance by the Australian High Commission in London to emigrate to Australia.

All that remains for them to do now is to sell their house in Portsmouth and dispose of most of their belongings—they want to make as fresh a start as possible and, according to Mr Castle, do not plan to return.

The reasons given by the Castles for their decision to try their luck in another country are by now familiar to foreign government counsellors at the various embassies and high commissions in London handling the rapidly rising tide of applications by prospective British emigrants.

The Castles consider themselves lucky to have escaped the high unemployment in the port city caused by the recession and a dockyard closure. But both work as psychiatric nurses in a national health hospital, and between them have to hold down an equivalent of three jobs just to make ends meet.

"It is no way to raise a family," Mr Castle said in a recent interview. "We could have moved elsewhere in this country, but that would have *amounted simply* to just transferring our problems, not curing them."

But it was the ugly face of unemployment—now nearing 3m — and the likelihood of a bleak future for their children that finally made them consider emigration. While it will be six or seven years before their son and daughter are on the labour force, "it is still not a very long time," Mrs Castle pointed out. "What will there be for them when that time comes?"

After first considering Canada and New Zealand, they finally applied to Australia House last April. This was followed by visits to the various Australian state government houses in London to see about jobs in the medical profession.

The result now is that there is a promise of a job for them somewhere in Victoria state. Just where, precisely they will *learn on their arrival,* which they hope will be in December.

The Castles are among the 32,000 Britons who will have emigrated to Australia by the end of the year. This figure will rise to 35,000 next year and is already more than double the numbers that went to Australia last year.

In fact, the Australian High Commission says it is being "flooded" with applications to emigrate. It expects to have processed about 125,000 applications this year, the highest number in a decade, and on one day during the summer, one of the immigration counsellors "screened" 500 persons making immigration inquiries. On the basis of the figures, one in four will get through.

Just how many people will leave Britain this year to take *up a foreign posting or to* relocate permanently overseas is uncertain, but it is bound to be sharply higher than the 229,000 who left in 1980, itself something of a boom year, according to the Office of Population Censuses and Surveys.

The outflow was the largest since the mid-1970s and, even more alarmingly, was the largest net loss in population since 1974. The outward migration exceeded by 55,000 the influx of 174,000.

The census department noted a decline in the numbers of returning UK citizens.

"In 1980, there were more than twice as many UK citizens leaving the country as entering it," a census department survey recently pointed out. "The emigration of 150,000 UK citizens in 1980 was 25,000 more than in 1978 or 1979. . . ."

Australia is by far the busiest country in handling UK immigrants this year, but there has been a sharp increase in immigration applications at the Canadian and New Zealand High Commissions and at the U.S. and South African embassies—all countries traditionally the destinations for people with British roots.

Canada House, for example, says it expects to process 22,000 British immigrants this year, up from 13,000 last year. South Africa, despite its well-publicised racial problems, forecasts an influx of 18,000 from the UK, nearly double the 10,000 last year and the 4,249 in 1979. The U.S., with a traditionally tight immigration policy, says applications are on the increase and that 13,000 UK immigrants will have been handled by the year end. Even New Zealand, which will hold its intake from the UK at around 3,500 this year, says applications are up by 30 per cent.

*While the various recipient* countries emphasise their own domestic problems as a deterrent to an even wider intake—unemployment in Australia is a "troublesome" 5.4 per cent, while in Canada it is 7.3 per cent—one has only to scan Britain's major newspapers to find plenty of enticements.

In one recent advertisement, an Australian company announced it was seeking senior design engineers for a company in light-engineering. The salary offered was A$25,000 (about £15,500) and a car.

Another consultant announced the visit of an Australian representative of a "human resources" concern, seeking applicants for positions in the auditing, accountancy, engineering and project and process mining field.

"Come to Beautiful Vancouver, Canada," read another, placed by Vancouver Shipyards. It was *seeking* shipfitters/platers and electrical design draughtsmen at wages of C$14.87 (about £6.70) an hour.

Pratt and Whitney of the U.S., the aero-engine manufacturer, regularly advertises in British newspapers for engineering staff for its Montreal, Quebec plant, which is undergoing expansion. It is offering C$38,000 (£17,500) per year in salaries for egineering expertise.

The Anglo-American mining and finance corporation in Johannesburg, has been seeking computer services personnel at salaries of £13,000-£14,000 per year.

One of the special attractions of South African immigration is that the Government will pay 80 per cent of a special "immigrant rate" air fare for all approved British adults, and there are no *strings attached.* It is, of course, understood that the applicant will be white.

But despite the upsurge in interest in migration, what is clear is that the unskilled worker need not apply; if he does, he will stand a good chance of being quickly refused.

New Zealand, for example, took in 550,000 immigrants since the end of World War II up until 1974, when virtually free access by Britons was *ended. Between 1974 and 1975,* immigration fell from 20,000 to a little over 3,000, roughly the current level.

The free access Britons had to Australia ended at the same time under the Gough Whitlam Government, with immigration falling from 38,313 in 1974 to 17,550 in 1975. With that control, subsidised passage also began to be phased out and was officially dropped last April 30.

Canada, which used to vie with Australia for what used to be described as British "factory fodder" in the 1950s and 1960s has had a tight immigration policy for a decade.

The Canadian hard-line extends to include secretaries and certain professions such as theatrical and media trade. Furthermore, the Canadians even require that most immigrants have the promise of a job awaithem, and even this is sometimes not enough, for a review body frequently turns down applicants, even though jobs may be awaiting them, on the belief that they may be disrupting the domestic job market.

This is a far cry from the *halcyon days of the post-Suez,* post-Hungarian invasion of 1957 when Canada took in an all-time high of 107,000 British immigrants. Australia's peak year was 80,000 in 1969.

The United States, which absorbed 14.5m of the world's disenfranchised in the first two decades of this century, now has a tight UK quota of 20,000 per year. This quota is not often met, not because of lack of interest, but because of a stress in U.S. immigration policy on giving priority to those Britons with family ties rather than with particular job capabilities. Whatever is not used of the UK quota is parcelled out to other countries that are oversubscribed. The U.S. expects to fulfil its worldwide quota of 350,000 this year as it has done in previous years.

A variation on the U.S. quota system is that foreign passport holders resident in the UK who seek entry into the U.S. are handled under their national quota schemes. According to the British census department, the true U.S. intake of UK residents was nearer 29,000 last year, up from 26,000 the year before.

But while family ties, monetary assets, entrepreneurial skills are all assets in applying to emigrate, the best passport to entry into a foreign country is advanced skill — sheet metal work, the engineering trades, ability in computer technology and a proven record in project management.

Foreign immigration officials based in Britain are reluctant to comment on the state of the domestic economy, but some admit that the surge in applications will increase further next year.

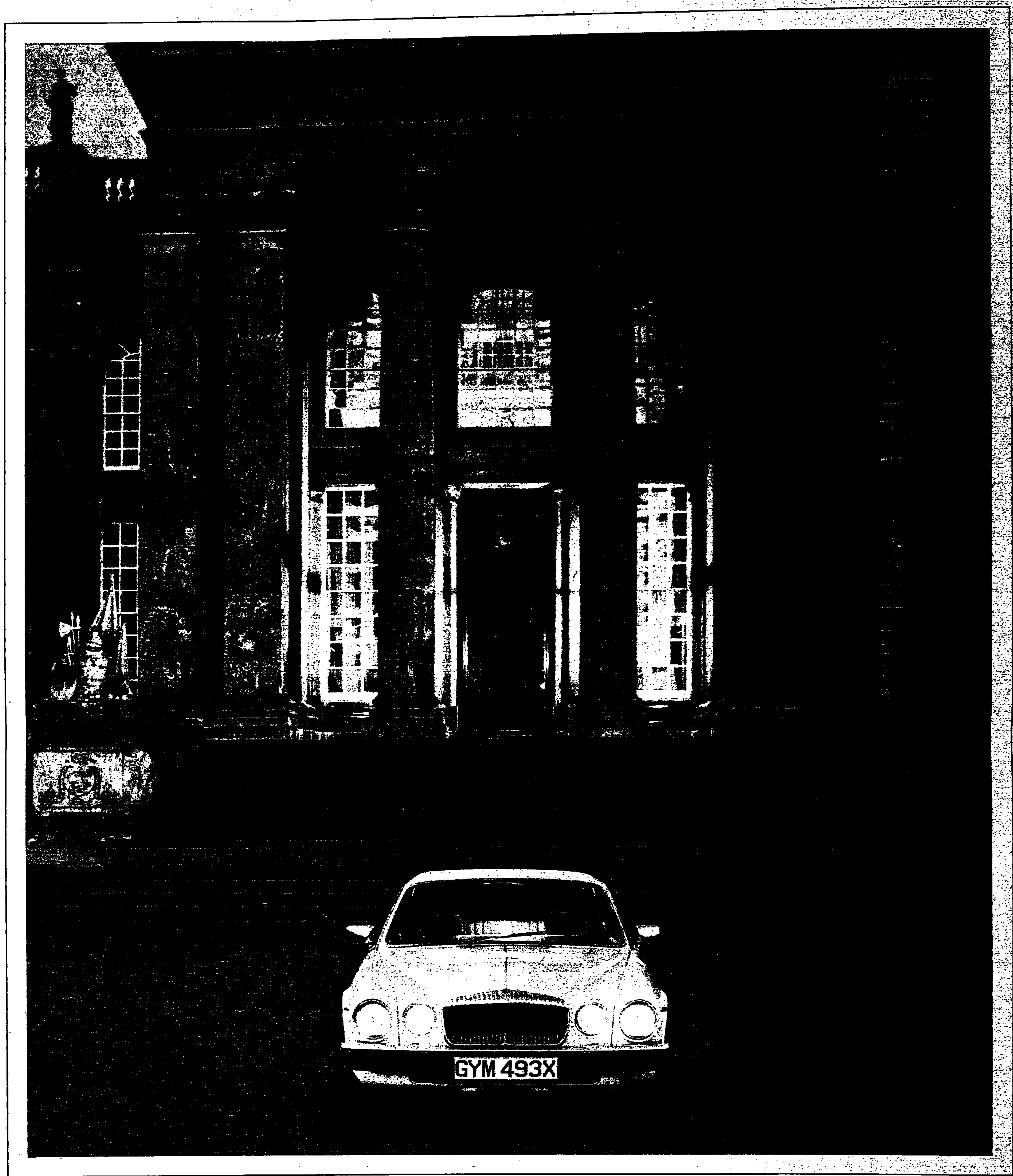
The Australian and Canadian Governments, in particular, have had to make upward revisions to their estimates of immigrant intake. One factor in this is that Britain, for all its economic problems, remains after the U.S., Canada's second largest investor, albeit much of it in older, well-established industries.

Sir Phillip Lynch, the Australian Industry Minister, in a speech in London last summer, pointed out that "in the two years ending June 1980, the United Kingdom was Australia's largest source of foreign investment . . . during which 35 per cent of all foreign investment in Australian enterprises came from British investors."

But he made clear that investment had to be matched by "flows of real resources," otherwise there would be "serious problems of economic management."

While no immigration official expects a return to the wide-open days of the 1950s and 1960s, Sir Phillip emphasised Australia's continuing need for human capital.

And the reward he suggested touched on the very root of why people such as Mr and Mrs Castle of Portsmouth have chosen to *leave* Britain—the promise of a "rising standard of living and freedom from a stifling burden of taxation and bureaucratic control."



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# CURRENCIES, MONEY and GOLD

## Dollar improves

The dollar continued to rise in currency markets yesterday. Initial movement was downward, reflecting central bank intervention but this was countered later in the day by renewed buying, particularly out of the U.S. ahead of the weekend. A slight rise in interest rates also helped to underpin the U.S. unit.

Sterling tended to rise in line with the dollar and was consequently firmer against European currencies while easing slightly against the dollar.

**DOLLAR**—trade weighted index (Bank of England) rose to 109.8 from 109.3, its highest level for over a month. Against the D-mark the dollar closed at DM 2.2810 up from DM 2.2725 on Wednesday and SwFr 1.9010 from SwFr 1.8940. It was also slightly firmer against the Japanese yen at Y233.65 compared with Y233.50.

**STERLING**—trade weighted index (Bank of England) rose to 87.8 from 87.6, having stood at 87.6 at noon and 87.8 in the morning. Against the dollar it opened at $1.8200 and touched a best level of $1.8250 before coming back in the afternoon to close at $1.8150-1.8165, a fall of 52½ points. Against the D-mark it rose to DM 4.1450 from DM 4.1400 and FFr 10.3850 from FFr 10.38 against the French franc. It was unchanged against the Swiss franc at SwFr 3.4500.

The D-mark remained the weakest currency within the European Monetary System yesterday and was placed around its divergence limit. The latter is set at 75 per cent of the maximum divergence spread and is sometimes known as the alarm bell limit, where central banks have an unwritten undertaking to take supportive action. The Danish krone remained the strongest member followed by the French franc.

**D-MARK**—Weakest member of the European Monetary System following the recent currency realignment and now close to its divergence limit. However any improvement against the dollar should not put strain on member currencies as has happened in the past. But although stronger than a month ago the D-mark has shown a weaker trend against the dollar recently, reflecting not only higher U.S. interest rates but a less favourable economic outlook for West Germany next year. Inflation continues and the latest GNP projections have been revised downwards—There was no intervention by the Bundesbank at yesterday's fixing when the dollar rose to DM 2.2730 from DM 2.2545 on Wednesday. The dollar had opened at $2.27 and after rising to DM 2.2750, came back to DM 2.2650. However demand picked up just ahead of the fixing and soon afterwards the U.S. unit was quoted at DM 2.2800.

The dollar remained underpinned by high U.S. interest rates. Elsewhere sterling rose to DM 4.1300 from DM 4.1180 and the Swiss franc was higher at DM 2.2730 from DM 2.2545. Within the EMS the Danish krone was fixed close to its upper limit of DM 31.155 per DKr 100 at DM 31.150 compared with DM 31.13 on Wednesday while the French franc rose to DM 39.88 per FFr 100 from DM 39.87.

**ITALIAN LIRA**—Trading in the upper half of the EMS after its recent devaluation. However economic fundamentals will leave the lira vunerable to any sustained improvement in the D-mark. The lira showed mixed changes at yesterday's fixing in Milan. The dollar rose to its best level for over a month to L1,205.7 from L1,198.7 and sterling was higher at L2,190.8 from L2,188.8. Within the EMS however the D-mark slipped to L530.1 from L531.25 and the French franc to L210.72 from L211.93. On the other hand the Swiss franc (not an EMS member) rose to L635.03 from L634.77.

### THE DOLLAR SPOT AND FORWARD

| Oct 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.8080-1.8250 | 1.8150-1.8165 | 0.03c pm-0.02 dis | 0.03 | 0.12-0.17dis | −0.32 |
| Ireland† | 1.5600-1.5680 | 1.5500-1.5550 | 0.30-0.20c pm | 1.92 | 0.65-0.45 pm | 1.41 |
| Canada | 1.2046-1.2059 | 1.2056-1.2059 | 0.32-0.37c dis | −3.43 | 0.71-0.76dis | −2.44 |
| Nethlnd. | 2.4960-2.5280 | 2.5250-2.5280 | 0.73-0.63c pm | 3.24 | 2.30-2.20 pm | 3.57 |
| Belgium | 37.84-38.16 | 38.13-38.15 | 14-18c dis | −5.04 | 34-39 dis | −3.83 |
| Denmark | 7.2650-7.3550 | 7.3450-7.3550 | 0.60-0.85ore dis | −1.20 | 1.00-1.50dis | −0.69 |
| W. Ger. | 2.2625-2.2950 | 2.2805-2.2815 | 1.00-0.95gro pm | 5.13 | 2.85-2.80 pm | 4.96 |
| Portugal | 64.80-65.46 | 65.25-65.45 | 45-200c dis | −22.68 | 65-345 dis | −12.63 |
| Spain | 97.00-97.80 | 97.75-97.80 | 7-15c dis | −1.35 | 25-45 dis | −1.43 |
| Italy | 1,201½-1,208¾ | 1,205½-1,206½ | 5-7 lire dis | −5.97 | 16-19 dis | −5.81 |
| Norway | 6.0000-6.0250 | 6.0100-6.0200 | 1.60-1.20ore pm | 2.79 | 3.60-3.20 pm | 2.26 |
| France | 5.68-5.74 | 5.7185-5.7265 | 0.25-0.50c dis | −0.78 | 1.50-2.25dis | −1.31 |
| Sweden | 5.5650-5.6100 | 5.6000-5.6100 | 1.20-1.06ore pm | 2.42 | 4.95-4.80 pm | 3.49 |
| Japan | 233.00-234.50 | 233.60-233.70 | 1.95-1.80y pm | 9.62 | 5.30-5.15 pm | 8.93 |
| Austria | 15.85¾-16.02½ | 16.01½-16.02½ | 7.25-5.75gro pm | 4.88 | 18.25-14.00pm | 4.03 |
| Switz. | 1.8870-1.9130 | 1.9005-1.9015 | 0.79-0.69c pm | 4.67 | 2.51-2.41 pm | 5.18 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### THE POUND SPOT AND FORWARD

| Oct 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.8080-1.8250 | 1.8150-1.8165 | 0.03c pm-0.02 dis | 0.03 | 0.12-0.17dis | −0.32 |
| Canada | 2.1850-2.1975 | 2.1885-2.1895 | 0.50-0.60c dis | −3.01 | 1.40-1.60dis | −2.74 |
| Nethlnd. | 4.54-4.58½ | 4.56¾-4.57¾ | 1¾-¾c pm | 2.82 | 3¾-3¼ pm | 3.06 |
| Belgium | 68.75-69.40 | 69.20-69.30 | 24-34c dis | −5.02 | 65-70 dis | −3.90 |
| Denmark | 13.22-13.31 | 13.28½-13.29½ | ½-2ore dis | −0.95 | 1½-3ore dis | −0.68 |
| Ireland | 1.1610-1.1725 | 1.1695-1.1705 | 0.17-0.27p dis | −2.26 | 0.46-0.64dis | −1.88 |
| W. Ger. | 4.11-4.16 | 4.14-4.15 | 1⅞-1¾pf pm | 4.83 | 4¾-4¼ pm | 4.34 |
| Portugal | 117.50-119.00 | 118.30-118.80 | 75-370c dis | −22.50 | 120-640dis | −12.81 |
| Spain | 176.00-178.00 | 176.65-176.90 | 5-30c dis | −1.19 | 55-80 dis | −1.64 |
| Italy | 2,185-2,195 | 2,190-2,193 | 9-12 lire dis | −5.75 | 33-38 dis | −6.48 |
| Norway | 10.97-10.98 | 10.92-10.93 | 2⅞-1¾ore pm | 2.54 | 6½-5¼ pm | 2.15 |
| France | 10.33-10.40 | 10.38-10.39 | ½-1½c dis | −1.16 | 4½-5⅞ dis | −1.93 |
| Sweden | 10.15-10.21 | 10.18½-10.19½ | 3¾-2½ore pm | 3.39 | 9¾-8¾ pm | 3.43 |
| Japan | 422-428 | 424-425 | 3.35-3.05y pm | 9.05 | 9.20-8.90 pm | 8.53 |
| Austria | 28.45-29.15 | 29.05-29.10 | 14-9gro pm | 4.75 | 32-22 pm | 3.71 |
| Switz. | 3.42½-3.47 | 3.44½-3.45½ | 1¾-¾c pm | 3.48 | 4½-3½ pm | 4.49 |

Belgian rate is for convertible francs. Financial franc 76.65-76.75. Six-month forward dollar 0.52-0.59c dis, 12-month 1.15-1.30c dis.

### CURRENCY MOVEMENTS

| Oct. 22 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 87.8 | −35.6 |
| U.S. dollar | 109.8 | +2.4 |
| Canadian dollar | 87.8 | −17.4 |
| Austrian schilling | 117.4 | +24.8 |
| Belgian franc | 106.8 | +9.9 |
| Danish kroner | 88.7 | −8.4 |
| Deutsche mark | 122.6 | +43.6 |
| Swiss franc | 147.6 | +96.5 |
| Guilder | 113.8 | +19.3 |
| French franc | 81.7 | −13.4 |
| Lira | 56.5 | −57.0 |
| Yen | 137.2 | +37.8 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

### CURRENCY RATES

| Oct. 21 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.629893 | 0.591483 |
| U.S. $ | 14 | 1.15050 | 1.07916 |
| Canadian $ | 18.31 | 1.38681 | 1.29974 |
| Austria Sch. | 6¾ | 18.1664 | 17.0777 |
| Belgian F. | 13 | 43.3566 | 40.7545 |
| Danish K. | 11 | 8.33997 | 7.83038 |
| D mark | 7½ | 2.59380 | 2.43782 |
| Guilder | 9 | 2.86302 | 2.68732 |
| French Fr. | 9½ | 6.50665 | 6.11452 |
| Lira | 19 | 1379.16 | 1293.91 |
| Yen | 6¼ | 267.836 | 252.092 |
| Norwgn. Kr. | 9 | 6.86618 | 6.45446 |
| Spanish Pts. | 8 | 111.105 | 104.314 |
| Swedish Kr. | 11 | 6.38700 | 6.01524 |
| Swiss Fr. | 6 | 2.16846 | 2.03961 |
| Greek Dr'ch. | 20½ | — | 61.2801 |

### OTHER CURRENCIES

| Oct. 22 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 11,061-11,081† | 6097-6117† | Austria | 28.70-29.00 |
| Australia Dollar | 1.5935-1.5975 | 0.8806-0.8810 | Belgium | 75.07-76.70 |
| Brazil Cruzeiro | 203.35-204.35 | 112.16-112.72 | Denmark | 13.17-13.32 |
| Finland Markka | 8.0726-8.0829 | 4.4600-4.4620 | France | 10.32-10.47 |
| Greek Drachma | 101.888-105.005 | 57.10-57.30 | Germany | 4.11-4.16 |
| Hong Kong Dollar | 10.85¼-10.87¼ | 6.000-6.050 | Italy | 2155-2240 |
| Iran Rial | 146.00* | 80.00* | Japan | 425-430 |
| Kuwait Dinar (KD) | 0.512-0.518 | 0.2828-0.2930 | Netherlands | 4.52½-4.57¼ |
| Luxembourg Fr. | 69.20-69.30 | 38.13-38.15 | Norway | 10.87-10.99 |
| Malaysia Dollar | 4.14¾-4.15¾ | 2.2960-2.2980 | Portugal | 115-128 |
| New Zealand Dlr. | 2.2135-2.2186 | 1.2225-1.2240 | Spain | 173.75-185.40 |
| Saudi Arab. Riyal | 6.19-6.25 | 3.4190-3.4210 | Sweden | 10.12-10.22 |
| Singapore Dollar | 3.78½-3.79½ | 2.0955-2.0975 | Switzerland | 3.42½-3.46½ |
| Sth. African Rand | 1.7520-1.7535 | 0.9648-0.9657 | United States | 1.80¾-1.82¾ |
| U.A.E. Dirham | 6.65-6.71 | 3.6710-3.6740 | Yugoslavia | 78-82 |

† Rate given for Argentina is the commercial rate. The financial rate for sterling 14,901-14,921 and for the dollar 8,200-8,250. *Selling rate.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU October 22 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 40.7572 | 40.7653 | +0.01 | −0.14 | ±1.5368 |
| Danish Krone | 7.91117 | 7.83626 | −0.95 | −1.10 | ±1.6412 |
| German D-Mark | 2.40989 | 2.44014 | +1.26 | +1.11 | ±1.1077 |
| French Franc | 6.17443 | 6.11800 | −0.91 | −1.06 | ±1.3733 |
| Dutch Guilder | 2.66382 | 2.69218 | +1.06 | +0.91 | ±1.5063 |
| Irish Punt | 0.684452 | 0.689141 | +0.69 | +0.54 | ±1.6688 |
| Italian Lira | 1300.67 | 1291.77 | −0.68 | −0.68 | ±4.1229 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for October 22 ......... 0.589337

### EXCHANGE CROSS RATES

| Oct. 22 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canadia Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.816 | 4.145 | 424.5 | 10.39 | 3.450 | 4.573 | 2192. | 2.189 | 69.25 |
| U.S. Dollar | 0.551 | 1. | 2.283 | 233.8 | 5.719 | 1.900 | 2.518 | 1207. | 1.206 | 38.14 |
| Deutschemark | 0.241 | 0.438 | 1. | 102.4 | 2.505 | 0.832 | 1.103 | 528.7 | 0.528 | 16.71 |
| Japanese Yen 1,000 | 2.356 | 4.277 | 9.764 | 1000. | 24.46 | 8.127 | 10.77 | 5163. | 5.157 | 163.1 |
| French Franc 10 | 0.963 | 1.748 | 3.991 | 408.8 | 10. | 3.322 | 4.403 | 2110. | 2.108 | 66.68 |
| Swiss Franc | 0.290 | 0.526 | 1.201 | 123.0 | 3.010 | 1. | 1.325 | 635.2 | 0.634 | 20.07 |
| Dutch Guilder | 0.219 | 0.397 | 0.907 | 92.84 | 2.271 | 0.755 | 1. | 479.3 | 0.479 | 15.14 |
| Italian Lira 1,000 | 0.456 | 0.829 | 1.891 | 193.7 | 4.739 | 1.574 | 2.086 | 1000. | 0.999 | 31.60 |
| Canadian Dollar | 0.457 | 0.829 | 1.894 | 193.9 | 4.744 | 1.576 | 2.089 | 1001. | 1. | 31.64 |
| Belgian Franc 100 | 1.444 | 2.622 | 5.986 | 613.0 | 15.00 | 4.982 | 6.603 | 3165. | 3.161 | 100 |

### FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 22)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 16 7/16 | offer 16 9/16 | bid 16 3/4 | offer 16 7/8 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### EURO-CURRENCY INTEREST RATES (Market closing Rates)

| Oct. 22 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertible | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 15⅛-15¾ | 15⅛-15⅝ | 19-20 | 12¾-13 | 8½-9 | 10⅞-11 | 16-17 | 18-20 | 16-17 | 6-7½ |
| 7 days' notice | 15¾-16 | 15¼-15½ | 19-20 | 12¾-13 | 22-22¼ | 10 15/16-11 1/16 | 16-17 | 20-23 | 16-17 | 6⅜-6⅝ |
| Month | 16⅛-16¼ | 15 15/16-16 1/16 | 18¾-19⅛ | 12¾-12⅞ | 11⅜-11⅞ | 11 1/16-11 3/16 | 16½-17¼ | 20⅝-22½ | 20½-21½ | 6⅝-6⅞ |
| Three months | 16 7/16-16 9/16 | 16 1/16-16 3/16 | 18⅝-19 | 12¾-12⅞ | 11¼-11⅜ | 11 1/16-11 3/16 | 17¼-18 | 22-23¼ | 18¾-19¾ | 7 1/16-7 3/16 |
| Six months | 16⅜-16½ | 16⅜-16⅞ | 18⅝-19 | 12⅝-12¾ | 11⅛-11¼ | 11 1/16-11 3/16 | 18⅛-18⅞ | 22¾-23¾ | 18-19 | 7⅜-7⅝ |
| One Year | 16 7/16-16 9/16 | 16½-16¾ | 18⅝-19 | 12⅜-12½ | 10 9/16-10 11/16 | 11 1/16-11 3/16 | 18¾-19½ | 22¾-24¼ | 16¾-17¾ | 7¾-8 |

SDR linked deposits: one month 13⅞-14¼ per cent; three months 14 5/16-14 11/16 per cent; six months 14½-14⅞ per cent; one year 14½-14⅞ per cent.

ECU linked deposits: one month 14 7/16-14 13/16 per cent; three months 15-15⅜ per cent; six months 15⅛-15½ per cent; one year 14⅞-15¼ per cent.

Asian $ (closing rates in Singapore): one-month 15⅞-16 per cent; three months 16 7/16-16 9/16 per cent; six months 16 11/16-16 13/16 per cent; one-year 16 9/16-16 11/16 per cent. Long-term Euro-dollar two years 16½-16¾ per cent; three years 16⅝-16⅞ per cent; four years 16¾-17 per cent; five years 16⅞-17⅛ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 15.45-15.55 per cent; three months 15.85-15.95 per cent; six months 16.15-16.25 per cent; one year 16.10-16.20 per cent.

## MONEY MARKETS

## London rates firm

London clearing banks base lending rates 15½ per cent (since October 15)

Period rates continued to rise in the London money market yesterday, increasing market tension and indirectly putting pressure on banks' base rates. The key seven-day interbank rate has remained steady though, reflecting the level of official help given during the week. This has succeeded in keeping short-term rates at a tolerable level. Longer term rates were higher though, with three-month interbank money at 16⅜-16½ per cent up from 16¼-16⅜ per cent and buying rates on three-month eligible bills at 15⅞ per cent against 15½ per cent.

There was a further shortage of day-to-day credit yesterday and the Bank of England gave an early forecast of —£250m. This was amended at noon to around —£350m. During the morning the Bank gave assistance totalling £291m. This comprised purchases in band 1 (up to 14 days) made up of £7m Treasury bills at 15 1/16 per cent, £7m local authority bills at 15 per cent and £16m eligible bank bills at 15-15 1/16 per cent. In band 2 (15-33 days) the Bank bought £8m local authority bills at 15½-15⅝ per cent and £97m eligible bank bills at 15½-15⅝ per cent. In band 3 (34-63 days) the Bank bought £34m Treasury bills at 15⅜ per cent, £54m local authority bills at 15⅝ per cent and £68m eligible bank bills at 15⅝-15½ per cent.

Additional help in the afternoon came in £37m, giving a day's total of £328m. The afternoon help comprised £19m Treasury bills in band 3 at 15⅜-15 7/16 per cent, £3m local authority bills in band 3 at 15⅝ per cent, £9m eligible bank bills in band 1 at 15 per cent and £6m eligible bank bills in band 1 at 15½ per cent. Factors affecting the market were given as bills maturing in official hands —£50m and Exchequer transactions —£170m.

In Paris call money was reduced to 16½ per cent from 16⅝ per cent, making the third cut in three days and the lowest level since the middle of May. Once again the Bank of France allowed the market to find its own level before fixing the rate. The lower trend in interest rates following the French franc's devaluation in the latest European Monetary System realignment has been made possible by the franc's steadier position within the system.

## GOLD

## Slight rise

Gold was $2 an ounce higher than Wednesday's closing rate in the London bullion market yesterday at $431-433. However, movement during the day was generally in a downward direction and after opening at $433-434 and a morning fixing of $434.60, the metal eased gradually in response to a firmer trend in the dollar. It was fixed in the afternoon at $433.75 and fell away to the closing level in quiet trading.

In Paris the 12½ kilo bar was fixed at FFr 81,000 per kilo ($440.87 per ounce) in the afternoon compared with FFr 80,500 ($440.23) in the morning and FFr 81,500 ($447.78) on Wednesday afternoon.

| | Oct. 22 | | Oct. 21 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $431-433 | (£237¼-239) | $429-431 | (£236½-237½) |
| Opening | $433-434 | (£238-238½) | $433-434 | (£237¼-237¾) |
| Morning fixing | $434.60 | (£238.872) | $433.30 | (£236.131) |
| Afternoon fixing | $433.75 | (£238.763) | $429.00 | (£235.520) |
| **Gold Coins** | | | | |
| Krugerrand | $445½-446½ | (£245¾-246¼) | $443½-444½ | (244-244½) |
| 1/2 Krugerrand | $229½-230½ | (£126½-127) | $228¼-229¼ | (£125½-126) |
| 1/4 Krugerrand | $117-118 | (£64½-65) | $116¼-117¼ | (£64-64½) |
| 1/10 Krugerrand | $47¾-48¾ | (£26¼-27) | $47½-48½ | (£26¼-26¾) |
| Mapleleaf | $445½-448½ | (£245¾-247¼) | $443-445 | (£243¾-245¼) |
| New Sovereigns | $105½-106½ | (£58¼-58¾) | $105-106 | (£57¾-58¼) |
| King Sovereigns | $115¼-117¼ | (£63½-64¾) | $116-118 | (£64-65) |
| Victoria Sovs | $115¼-117¼ | (£63½-64¾) | $116-118 | (£64-65) |
| French 20s | $122-126 | (£67¼-69½) | $121-126 | (£66½-69¼) |
| 50 pesos Mexico | $535-538 | (£295-296¾) | $533-536 | (£293¼-294¾) |
| 100 Cor. Austria | $418-421 | (£230½-232¼) | $416-419 | (£228¾-230½) |
| $20 Eagles | $589-594 | (£324¾-327½) | $591-596 | (£325-327¾) |

### MONEY RATES

| | |
|---|---|
| **NEW YORK** | |
| Prime rate | 18 |
| Fed. funds | 15½-15¾ |
| Treasury bills (13-week) | 13.20 |
| Treasury bills (26-week) | 13.88 |
| **GERMANY** | |
| Special Lombard | 11.0 |
| Overnight rate | 11.05 |
| One month | 11.475 |
| Three months | 11.575 |
| Six months | 11.425 |
| **FRANCE** | |
| Intervention rate | 15 |
| Overnight rate | 16.25 |
| One month | 16.25 |
| Three months | 16.0625 |
| Six months | 15.825 |
| **JAPAN** | |
| Discount rate | 6.25 |
| Call (unconditional) | 6.4375 |
| Bill discount (three-month) | 7.40625 |

### LONDON MONEY RATES

| Oct. 22 1981 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ⊕ | Eligible Bank Bills ⊕ | Fine Trade Bills ⊕ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 14-16 | 15½ | — | — | 15½ | 15¼-15 9/16 | — | — | — |
| 2 days notice | — | — | 15¾ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 15⅜-15⅞ | 15⅞ | — | 15⅞ | 16¼ | 15-15⅜ | — | — | — |
| One month | 16⅛-16 | 16-16 1/16 | 15⅞-16 | 16⅛-16¼ | 16¼ | 16⅜ | 15¼ | 15⅜-15 11/16 | 15 11/16 | 16⅜ |
| Two months | 16⅜-16¼ | 16 1/16-16⅜ | — | 16⅜-16⅜ | 16⅜ | — | 15¼-15⅜ | 15¼-15¾ | 15 11/16-15⅞ | 16⅜ |
| Three months | 16 1/16-16 1/16 | 16⅜-16½ | 15 15/16-16¼ | 16⅜-16¼ | 16½ | — | 16⅜ | 15⅝-15¾ | 15 11/16-15⅞ | 16 1/16 |
| Six months | 15 15/16-16 1/16 | 16⅜-16½ | 15⅞-16¼ | 15¾-16⅜ | 16⅜ | — | — | — | 15¼-15⅜ | 15⅞ |
| Nine months | 16⅜-16¼ | 16¼-16 7/16 | — | 16½-16⅛ | 16⅜ | — | — | — | — | — |
| One year | 16¼-16⅛ | 16⅛-16 7/16 | 15⅞-16 | 16⅜-16 | 16 7/16 | — | — | — | — | — |
| Two years | — | — | 15¼-16 | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15¾-15¾ per cent; four years 16½-15¾ per cent; five years 16¾-15⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 11/16-15¾ per cent; four-month trade bills 16 9/16 per cent.

Approximate selling rate for one-month Treasury bills 15⅛ per cent; two months 15⅜-15 5/16 per cent; three months 15 7/16-15½ per cent. Approximate selling rate for one-month bank bills 15 5/16 per cent; two months 15 11/16-15¾ per cent; and three months 15 13/16-15⅞ per cent; one month trade bills 16⅜ per cent; two months 16⅜ per cent; three months 16 9/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from October 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 15.3449 per cent.

## WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 21, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (O) | 50.08 |
| Albania | Lek | 5.5267 |
| Algeria | Dinar | 4.1875 |
| Andorra | Fr. Franc | 5.6545 |
| | Sp. Peseta | 9.560 |
| Angola | Kwanza | 27.627 |
| Antigua | E. Caribbean $ | 2.7025 |
| Argentina | Peso (C) (4) | 6027.00 |
| | Peso (F) (5) | 8125.00 |
| Australia | Dollar | 0.8775 |
| Austria | Schilling | 15.805 |
| Azores | Port. Escudo | 64.90 |
| Bahamas | Dollar | 1.00 |
| Bahrain | Dinar | 0.3769 |
| Balearic Is. | Sp. Peseta | 95.60 |
| Bangladesh | Taka | 17.75 |
| Barbados | Dollar | 2.01 |
| Belgium | Franc (C) | 37.66 |
| | Franc (F) | 41.52 |
| Belize | Dollar | 2.00 |
| Benin | C.F.A. Franc | 282.725 |
| Bermuda | Dollar | 1.00 |
| Bhutan | Ind. Rupee | 9.175 |
| Bolivia | Peso | 24.75 |
| Botswana | Pula | 0.8876 |
| Brazil | Cruzeiro | 110.39 |
| Brunei | Dollar | 2.091 |
| Bulgaria | Lev | 0.94 |
| Burma | Kyat | 6.4515 |
| Burundi | Franc | 90.00 |
| Cameroun Rp. | C.F.A. Franc | 282.725 |
| Canada | Dollar | 1.2058 |
| Canary Is. | Sp. Peseta | 95.60 |
| Cape Verde | Escudo | 56.51 |
| Cayman Is. | Dollar | 0.835 |
| Cen. Af. Rep. | C.F.A. Franc | 282.725 |
| Chad | C.F.A. Franc | 282.725 |
| Chile | Peso (O) | 39.00 |
| China | Renminbi Yuan | 1.754 |
| Colombia | Peso (O) | 56.49 |
| Comoros | C.F.A. Franc | 282.725 |
| Congo P'ple. Rep. of | C.F.A. Franc | 282.725 |
| Costa Rica | Colon (O) | 8.60 |
| | Colon | 20.03 |
| Cuba | Peso | 0.7313 |
| Cyprus | Pound* | 2.2894 |
| Czechoslovakia | Koruna (O) | 5.20 |
| Denmark | Krone | 7.2285 |
| Djibouti Rp. of | Franc | 178.50 |
| Dominica | E. Caribbean $ | 2.7025 |
| Domin. Rep. | Peso | 1.00 |
| Ecuador | Sucre | 28.425 |
| Egypt | Pound* (O) | 1.4493 |
| | Pound* (3) | 1.1221 |
| El Salvador | Colon | 2.50 |
| Eq'tl Guinea | Ekuele | 191.20 |
| Ethiopia | Birr (O) | 2.0465 |
| Faeroe Is. | Dan. Krone | 7.2285 |
| Falkland Is. | Pound* | 1.8275 |
| Fiji | Dollar | 0.8795 |
| Finland | Markka | 4.422 |
| France | Franc | 5.6545 |
| Fr. C'ty in Af. | C.F.A. Franc | 282.725 |
| Fr. Guiana | Franc | 5.6545 |
| Fr. Pac. Is. | C.F.P. Franc | 98.4952 |
| Gabon | C.F.A. Franc | 282.725 |
| Gambia | Dalasi | 2.1888 |
| Germany (E) | Ostmark (O) | 2.2535 |
| Germany (W) | Mark | 2.2535 |
| Ghana | Cedi | 2.75 |
| Gibraltar | Pound* | 1.8275 |
| Greece | Drachma | 56.65 |
| Greenland | Dan. Krone | 7.2285 |
| Grenada | E. Caribbean $ | 2.7025 |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Guadaloupe | Franc | 5.6545 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Bissau | Peso | 38.352 |
| Guinea Rep. | Syli | 21.4605 |
| Guyana | Dollar | 3.0205 |
| Haiti | Gourde | 5.00 |
| Honduras Rep. | Lempira | 2.00 |
| Hong Kong | Dollar | 5.9775 |
| Hungary | Forint | 35.00 |
| Iceland | Krona | 7.173 |
| India | Rupee | 9.175 |
| Indonesia | Rupiah | 630.00 |
| Iran | Rial (O) | 80.95 |
| Iraq | Dinar | 0.2999 |
| Irish Rep | Punt* | 1.5712 |
| Israel | Shekel | 13.69 |
| Italy | Lira | 1196.50 |
| Ivory Coast | C.F.A. Franc | 282.725 |
| Jamaica | Dollar | 1.7834 |
| Japan | Yen | 233.65 |
| Jordan | Dinar | 0.331 |
| Kampuchea | Riel | n.a. |
| Kenya | Shilling | 10.3812 |
| Kiribati | Aust. Dollar | 0.8775 |
| Korea (Nth) | Won | 0.94 |
| Korea (Sth) | Won | 685.00 |
| Kuwait | Dinar | 0.2822 |
| Lao P'pls D. Rep | Kip | 10.00 |
| Lebanon | Pound | 4.585 |
| Lesotho | Loti | 0.9616 |
| Liberia | Dollar | 1.00 |
| Libya | Dinar | 0.2961 |
| Liechtenst'n | Sw. Franc | 1.8875 |
| Luxembourg | Lux Franc | 37.66 |
| Macao | Pataca | 6.2156 |
| Madagascar D. R. | Franc | 282.752 |
| Madeira | Port. Escudo | 64.90 |
| Malawi | Kwacha | 0.9133 |
| Malaysia | Ringgit | 2.289 |
| Maldive Is. | Rupee | 3.93 |
| Mali Rp. | Franc | 565.45 |
| Malta | Pound* | 2.5034 |
| Martinique | Franc | 5.6545 |
| Mauritania | Ouguiya | 56.545 |
| Mauritius | Rupee | 10.8671 |
| Mexico | Peso | 25.35 |
| Miquelon | Fr. Franc | 5.6545 |
| Monaco | Fr. Franc | 5.6545 |
| Mongolia | Tugrik (O) | 3.3555 |
| Montserrat | E. Caribbean $ | 2.7025 |
| Morocco | Dirham | 5.3101 |
| Mozambique | Metica | 29.5595 |
| Namibia | S.A. Rand | 0.9616 |
| Nauru Is. | Aust. Dollar | 0.8775 |
| Nepal | Rupee | 13.20 |
| Netherlands | Guilder | 2.483 |
| Neth. Ant'les | Guilder | 1.80 |
| New Zealand | Dollar | 1.2194 |
| Nicaragua | Cordoba | 10.00 |
| Niger Rp. | C.F.A. Franc | 282.725 |
| Nigeria | Naira (O) | 0.6632 |
| Norway | Krone | 5.9695 |
| Oman, Sultanate of | Rial | 0.3456 |
| Pakistan | Rupee | 9.84 |
| Panama | Balboa | 1.00 |
| Papua N.G. | Kina | 0.6856 |
| Paraguay | Guarani | 126.00 |
| Peru | Sol | 463.15 |
| Philippines | Peso | 8.073 |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Pitcairn Is. | N.Z. Dollar | 1.2194 |
| Poland | Zloty (O) | 31.00 |
| Portugal | Escudo | 64.90 |
| Port Timor | Escudo | n.a. |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Riyal | 3.6397 |
| Reunion Ile de la | Fr. Franc | 5.6545 |
| Romania | Leu (O) | 4.47 |
| Rwanda | Franc | 92.84 |
| St. Christopher | E. Caribbean $ | 2.7025 |
| St. Helena | Pound* | 1.8275 |
| St. Lucia | E. Caribbean $ | 2.7025 |
| St. Pierre | Fr Franc | 5.6545 |
| St. Vincent | E. Caribbean $ | 2.7025 |
| Samoa (Western) | Tala | 1.0668 |
| Samoa (Am.) | U.S. $ | 1.00 |
| San Marino | It. Lira | 1196.50 |
| Sao Tome & Principe DR | Dobra | 39.3387 |
| Saudi Arabia | Riyal | 3.417 |
| Senegal | C.F.A. Franc | 282.725 |
| Seychelles | Rupee | 7.2329 |
| Sierra Leone | Leone | 1.1884 |
| Singapore | Dollar | 2.091 |
| Solomon Is. | Dollar | 0.8964 |
| Somali Rep. | Shilling (6) | 6.35 |
| | Shilling (7) | 12.45 |
| South Africa | Rand | 0.9616 |
| Spain | Peseta | 95.60 |
| Span. Ports in N. Africa | Sp. Peseta | 95.60 |
| Sri Lanka | Rupee | 20.83 |
| Sudan Rep. | Pound* (2) | 2.00 |
| Sudan Rep. | Pound* (1) | 1.25 |
| Surinam | Guilder | 1.785 |
| Swaziland | Lilangeni | 0.9616 |
| Sweden | Krone | 5.566 |
| Switzerland | Franc | 1.8875 |
| Syria | Pound | 3.9252 |
| Taiwan | Dollar (O) | 37.91 |
| Tanzania | Shilling | 8.1259 |
| Thailand | Baht | 23.00 |
| Togo Rep. | C.F.A. Franc | 282.725 |
| Tonga Is. | Pa'anga | 0.8775 |
| Trinidad & Tobago | Dollar | 2.4063 |
| Tunisia | Dinar | 0.5108 |
| Turkey | Lira | 122.90 |
| Turks & Caicos | U.S. $ | 1.00 |
| Tuvalu | Aust. Dollar | 0.8775 |
| Uganda | Shilling | 78.00 |
| Utd. A'b. Emir. | Dirham | 3.673 |
| Utd. Kingdom | Pound Sterling* | 1.8275 |
| Upper Volta | C.F.A. Franc | 282.725 |
| Uruguay | Peso | 11.24 |
| U.S.S.R. | Rouble | 0.7863 |
| Vanuatu | Vatu | 91.3859 |
| Vanuatu | Aust. Dollar | 0.8775 |
| Vatican | It. Lira | 1196.50 |
| Venezuela | Bolivar | 4.29 |
| Vietnam | Dong (O) | 2.18 |
| Virgin Is. Br. | U.S. $ | 1.00 |
| Virgin Is. U.S. | U.S. $ | 1.00 |
| Yemen | Rial | 4.57 |
| Yemen PDR | Dinar | 0.3415 |
| Yugoslavia | Dinar | 38.333 |
| Zaire Rp. | Zaire | 5.5198 |
| Zambia | Kwacha | 0.8905 |
| Zimbabwe | Dollar | 0.7143 |

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports.
(5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports.
(7) Somali: Exports and Non-Essential Imports and Transfers. (8) Mauritius—devalued 20 per cent as of 28/9/81.

# Dow shows early fall of 5.52

CONCERNS ABOUT the direction of interest rates combined with weakness in the Bond markets pushed stocks lower at mid-session on *Wall Street*.

The Dow Jones Industrial Average was 5.52 off at 845.51 at 1 pm, having shown a fall of 6.66 an hour earlier. Declines led advances by about nine to four as volume eased to 29.49m shares (34.8m).

The NYSE All Common Index was down by 45 cents to $69.21.

Increases in some key short-term interest rates and large Treasury financing requirements have raised concerns that there will be renewed upward pressure on the prime rate, which has only recently begun to ease.

On Wednesday Chemical Bank raised its broker loan rate from 16 per cent to 16¼ per cent and yesterday the Federal Funds Rate, on overnight loans between banks, rose to 15¾ per cent at one stage against Wednesday night's close of 15 per cent.

Stocks involved in special situations dominated trading. Newmont Mining, the volume leader, lost 4¼ to $49¼ on news that Consolidated Gold Fields will acquire no more than 29 per cent of its stock, rather than the 25 to 49 per cent originally sought.

Penn Central fell 3⅛ to $42⅞ in active trading after denying rumours that it was holding merger talks with Esmark or any other company.

Santa Fe International, which has agreed to an acquisition bid by Kuwait Petroleum Corp., fell ⅜ to $43⅜ in heavy trading. At a House Panel hearing, both companies denied any insider trading while the merger talks were going on.

Also active was Bucyrus-Erie, off ¼ to $16. It reported lower earnings earlier in the week.

Minnesota Mining dropped 1⅛ to $50⅝ on lower earnings, and Levi Strauss lost 2⅛ to $35⅞ after projecting a soft fourth quarter.

THE AMERICAN SE Market Value Index slipped 0.65 to 304.99 at 1.00 pm, as volume shrank to 2.79m shares (5m).

## Canada

Stock prices continued their sharp declines with the Toronto Composite Index off 19.1 at 1,855.9 at noon on volume of 2.11m (2.04m) shares.

Investors are nervous about the possible delay in the Canadian budget and poor corporate third quarter returns.

Thirteen of the 14 stock groups declined, with Oil and Gas off 18.8 to 3,411.0, Metals 38.6 to 1,774.2, and Golds 22.6 to 3,374.5.

Gulf Canada, which yesterday reported slightly lower earnings, fell ¼ to C$18¼. It shed 1⅞ on Wednesday.

## Tokyo

Share prices closed easier on scattered profit-taking after Wednesday's sharp gain, with sentiment still depressed by the high levels of margin buying.

The Nikkei Dow Market Average lost 37.70 to 7,216.29 in thin and nervous trading volume of 230m shares. The Tokyo Stock Exchange Index dipped 2.81 to 534.09.

Light Electricals, Precisions, Steels, Heavy Electric Machines, Shipbuilders and other Blue Chips fell on light selling with many investors worried by the shares' fast recovery on Wednesday. But some low-priced issues in Constructions, Foods, Chemicals and Speculatives met demand.

Foreign purchases, which supported Wednesday's rise, slowed on growing expectations that high U.S. interest rates will persist.

Precisions, Autos and high-priced Electricals were avoided, with many investors alarmed by a second consecutive quarterly *U.S. GNP fall*. Sony lost Y130 to Y3,890, Toyota Motor Y30 to Y1,090, Honda Motor Y13 to Y857, Hitachi Y17 to Y600 and Fuji Photo Y30 to Y1,210.

Trading became dull and uncertain towards the close and market interest moved to low-priced issues with low levels of margin buying.

## Hong Kong

Stocks closed lower after a steady performance earlier in the day.

The Hang Seng Index closed 16.69 lower at 1,232.12 after Wednesday's 25.09 rise. Share prices fluctuated widely on the day with the index posting a 12.30 gain by 11 am.

The market was first supported by sporadic local buying then trimmed when demand dried up. There was also some institutional selling.

Leaders fluctuated widely yesterday. Cheung closed 30c down at HK$19.20 after trading above HK$20 earlier, while Hongkong Bank ended unchanged at HK$ 13.80.

Hutchison Whampoa lost 60c to HK$ 15.30 while both Jardine Matheson and Swire Pacific "A" lost 30c to HK$13.80 and HK$11.20 respectively.

## Germany

Share prices ended the day mixed after light trading that saw the Commerzbank Index rise 1 point to 682.5.

Preussag closed off its highs at DM 209.50, up DM 4 from Wednesday, as investors showed continued interest. Banks were generally easier reflecting the lower bond market, with Deutsche closing DM 0.60 off at DM 267.90.

Daimler closed at its day's high of DM 334, up DM 3 and BMW was up DM 2.50 at DM 178, but VW fell DM 1.10 to DM 123.80, a new low for the year.

Chemicals were slightly easier, while Engineering shares were narrowly mixed.

In Stores, Karstadt was off DM 3.50 at DM 208.50 and Kaufhof down DM 4 at DM 159.

Trading in Domestic Bonds was limited as investors waited to learn the terms of a new loan stock issue of the West German Railways.

## Switzerland

Stocks closed weaker in active trading with Banks leading the trend.

Uncertainty about the earnings outlook for the four major Swiss banks was renewed by Credit Suisse stating in its quarterly report on Wednesday that it expects a profit decline this year.

Credit Suisse bearer closed at SwFr 1,925, a new low for the year, after SwFr 1,980 on Wednesday. Bank Corpn, Union Bank and Swiss Volksbank were also markedly lower.

## Paris

Share prices continued weaker in quiet trading with the latest fall in call money, to 16⅛ per cent, still not helping sentiment.

All sectors lost ground including stocks due for nationalisation which were consistently in demand in recent days.

Thomson-Brandt fell FFr 6 to FFr 227, CGE slipped FFr 3.8 to FFr 304.2 and in Banks, CCF was FFr 3.5 down at FFr 150.

Financiere de Paribas, whose chairman resigned on Wednesday, shed FFr 4.5 to FFr 201. Pargesa Holding of Geneva said earlier it has a majority in Paribas's Swiss subsidiary Banque de Paris et des Pays Bas (Suisse).

Michelin, with higher first-half parent company pre-tax profit, added FFr 1 to FFr 749 while Dassault, also with higher first-half profits, is still suspended as nationalisation plans are finalised.

## Australia

Perth-based Swan Brewery continued to dominate attention as speculators pushed up the share price in anticipation of a new takeover bid.

The All Ordinaries Index firmed 3.5 to 570.3 in one of the quietest sessions of the year.

Diamond issue Ashton scored a 13c rise to A$1.55 for a gain of 25c in two days.

## Johannesburg

Gold shares closed lower as the bullion price eased slightly. But other sectors were generally mixed in fairly quiet trading.

Among Gencor group producers who reported quarterly results on Wednesday, Grootvlei firmed 15c to R12.85 while Leslie, Stilfontein and Winkels eased

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**Closing prices for North America were not available for this edition.**

## NEW YORK

## CANADA

| Stock | Oct. 21 | Oct. 20 |
|---|---|---|
| AMCA Intl. | 22 | 23 |
| Abitibi | 20⅛ | 20 |
| Agnico Eagle | 9¼ | 9⅛ |
| Alcan Alumin | 26½ | 27 |
| Algoma Steel | 44 | 43½ |
| Asbestos | 37 | 37 |

## BELGIUM (continued)

| Oct. 22 | Price Frs. | + or − |
|---|---|---|
| Petrofina | 3,950 | ... |
| Royale Belge | 3,960 | ... |
| Soc Gen Banq. | 1,600 | ... |
| Soc Gen Belge | 950 | ... |
| Sofina | 2,540 | ... |
| Solvay | 1,650 | ... |
| Traction Elect | 1,725 | −5 |

## HOLLAND

| Oct. 22 | Price Fls. | + or − |
|---|---|---|
| ACF Holding | 69 | ... |
| Ahold | 61.5 | −0.6 |
| AKZO | 21.1 | −0.1 |
| ABN | 282 | −0.5 |
| AMEV | 90.3 | −0.7 |
| AMRO | 52.3 | −0.3 |

## AUSTRALIA

| Oct. 22 | Price Aust. $ | + or − |
|---|---|---|
| ANZ Group | 5.10 | +0.04 |
| Acrow Aust | 1.20 | ... |
| Allstate Expl | 0.88 | +0.01 |
| Ampol Pet | 1.42 | +0.02 |
| Assoc. Pulp Pap | 2.00 | ... |
| Audimco | 0.15 | ... |
| Aust. Cons. Ind. | 1.92 | +0.05 |
| Aust. Guarant. | 2.35 | +0.25 |

## JAPAN (continued)

| Oct. 22 | Price Yen | + or − |
|---|---|---|
| Kubota | 342 | −2 |
| Kumgai | 374 | +4 |
| Kyoto Ceramic | 3,050 | −70 |
| Lion | 388 | +1 |
| Maeda Cons | 559 | +19 |
| Makita | 895 | ... |
| Marubeni | 317 | −2 |
| Marudai | 825 | −10 |

## DENMARK

## FRANCE

## ITALY

## NORWAY

## SWEDEN

## GERMANY

## SWITZERLAND

## AUSTRIA

## BELGIUM/LUXEMBOURG

## HONG KONG

## SINGAPORE

## SOUTH AFRICA

## BRAZIL

# Indices

## NEW YORK ACTIVE STOCKS

هكذا من الأصل

FINANCIAL TIMES SURVEY

Friday October 23 1981

# East-West Trade

**A decade of rapid expansion in East-West trade has culminated in major problems over the rescheduling of Poland's debt and U.S. doubts over the wisdom of increased West European dependence on Soviet energy imports. The potential for further growth is enormous — but much will depend on the establishment of a more trusting and solidly-based political relationship between East and West for which the prospects are currently dim.**

## Future course is uncertain

**By Anthony Robinson**
*East Europe Correspondent*

EAST-WEST TRADE is a short title for a large and exceedingly complex business, fraught with pitfalls for the unwary but profitable enough for those who take care to learn and play by the rules. The "Golden Age" for its practitioners was the 1970s. Its future course can only be mapped with considerable uncertainty as the political and economic framework has changed radically over the last two or three years.

East-West trade—for the purposes of this survey limited to trade between the industrialised West and the seven East European members of Comecon—the Council for Mutual Economic Assistance (CMEA)—more than quintupled during the 1970s to an annual two-way volume of about $90bn. Growth was facilitated by the euphoria which surrounded the politics of "detente" and by the energy crisis. The latter simultaneously released a flood of petro-dollars looking for a safe haven and sparked off a search for new markets by the recession-plagued exporters of Europe, Japan and to a lesser extent the United States.

The combination of bankers eager to lend and exporters seeking new markets proved the perfect combination for the leaders of the Comecon bloc who were looking for a way to revitalise their flagging economies without risking the kind of reforms which in Czechoslovakia had provoked armed Soviet intervention.

A decade later some tentative conclusions can be drawn from this marriage of convenience between the capitalist and centrally planned economies. First, the plant and machinery which typically makes up some 45 per cent of Western exports to the Comecon countries has played an important role in helping to modernise key sectors of the socialist economies. The most successful absorbtion of new technology has taken place in countries like Hungary which have managed to combine such imports with domestic economic reforms to the price and planning systems.

The least successful has taken place in countries like Poland or Romania where the import of foreign plant and capital has been grafted onto an essentially unreformed structure incapable of adjusting adequately to the managerial and technical changes required.

Second, a distinction has to be made between trade with the Soviet Union and trade with the East European six. In the case of the six the availability of credit has been crucial. In the Soviet case it has been less so because of the great natural wealth of the Soviet Union and the substantial improvement in the Soviet terms of trade brought about by higher world prices for oil and gas—whose export provides nearly 60 per cent of Soviet hard currency earnings.

What is more a substantial portion of Soviet imports from the West have taken the form of energy related imports—such as steel pipes, compressor stations, drills, rigs and petrochemical plants—which have themselves been linked with future exports through long term compensation deal arrangements.

The Soviet Union should benefit to the tune of $5bn a year in hard currency from such compensation deals by 1985—and this is before taking into account sales of gas which will take place under the most important of all such deals so far—that for a 3,500 mile gas pipeline between Siberia and Western Europe which is currently at an advanced state of negotiation.

Credit and finance is one of the keys to the future shape of East-West trade. The existence of ample, and at some stages cheap, credit during much of the 1970s was then a major expansionary factor. The original East European debt base was low, the centrally planned economies had a good track record of debt repayment and behind them all bankers thought they saw the Soviet Union holding an umbrella marked "lender of last resort" and backed up by the collateral of its large gold holdings — estimated at some $35bn—and its enormous natural wealth.

### Creditors

Since then the total volume of debt has climbed to over $70bn, Poland has had to ask both its official and bank creditors to reschedule its debt and bankers are looking with jaundiced eyes at Romania as well.

Elsewhere, the debt issue does not appear to be particularly daunting — especially as several countries like Hungary, Bulgaria and Czechoslovakia appear to have achieved a fairly balanced hard currency trading position (thanks in part to hard currency trading with the Soviet Union and other Comecon partners). Even so the fact is that debt servicing now takes between 40 and 45 per cent of many countries' annual hard currency earnings.

The need to earmark such a high proportion of export earnings to debt servicing inevitably reduces the funds available for future imports of Western goods. At the same time it increases the pressure on such countries to increase their penetration of Western markets—not an easy task at a time of reduced growth in all Western markets and recession in several others.

But the obstacles to further expansion of East-West trade are not limited to the financial and economic. The political climate has changed for the worse since the heyday of detente. The size and momentum behind the Soviet arms build-up, the invasion of Afghanistan and the perceived risk of a possible future Soviet intervention in Poland have all had their impact on Western, and especially U.S., attitudes to East-West trade.

The Soviet invasion of Afghanistan was followed by the partial U.S. grain embargo —despite the fact that previous U.S. government statement had specifically disclaimed any intention of ever using the "food weapon." The Russians were understandably peeved. They were then given a free propaganda victory by President Reagan who dropped the embargo for purely domestic reasons while at the same time spearheading a campaign to get the West Europeans to abandon the Siberian gas pipeline deal.

It all goes to show that there is little consensus in the West about what East-West trade is or is not supposed to be all about. By and large businessmen were left to get on with it as best they could during the 1970s. Only now that it has already become big business and a substantial part of overall trade for countries like West Germany, Finland, France, Italy and others is any serious attempt being made to try to work out a consistent attitude.

### Delivery

The only real limitations which Western countries seek to apply is on the delivery of equipment judged to have a direct or indirect military applications.

The main emphasis now is on trying to work out a more efficient means of monitoring and controlling the export of strategically sensitive items through tightening up the rules and co-ordinating machinery of Nato's Paris-based Cocom strategic exports committee. That Cocom exists is a reflection of the fundamentally ambiguous nature of East-West trade. Optimists continue to hope that greater East-West trade will lead to a more genuinely co-operative relationship or at least increase communist technological dependence on the West. Pessimists fear that Western willingness to export technology to the East merely boosts the capacity of the Soviet military economy and creates the pre-conditions for future unfair competition based on a combination of Western technology and communist cheap labour.

Cynics would add that business is business and no matter what governments think or Cocom decides the world is full of sharp operators ready to make an extra dollar by shipping strategic items to the East via non-Cocom countries or on forged waybills of various kinds. Sweden, Switzerland and Austria are three countries with a substantial trade in high technology products with the Soviet bloc, for example, who are not Cocom members.

It is precisely because there is no unified Western approach to trade with the East and because it is the nature of the capitalist system for companies to compete against each other for business that the Comecon countries have been able to make maximum use of their foreign trade monopoly and highly centralised political and economic systems.

In most cases this has prevented Western companies obtaining any sort of premium from the sale of plant and equipment which is often of crucial importance to the efficiency of key industrial or agricultural sectors.

The global picture furthermore indicates that East-West trade is more important to the Comecon countries than it is to the West. In numbers alone official trade statistics show that trade with Comecon accounts for an average of only 4.3 per cent of Nato countries, exports and only 3.5 per cent of their imports.

On the other hand, 28 per cent of a lower overall volume of Comecon exports go to Western markets while 32 per cent of their imports come from the West. In the Soviet case the proportions are even higher with 34 per cent of exports going west and 38 per cent of imports coming from there.

West Germany has the most important Western trade volume with Comecon—its exports were worth $12.35bn last year and two-way trade accounted for 6.5 per cent of total trade—while France with $4.65bn, Italy with $2.74bn and the UK with $2.63bn were among the bulk of countries whose East-West trade accounts to between 2 and 4 per cent of the total.

For some European countries the proportions are very much higher. Finland and Yugoslavia, for example, each have a special relationship.

Yugoslavia broke away from the Soviet bloc in 1948 but after an unprecedented increase in trade over the last two years, now does far more business with Comecon than most Comecon members do with each other. About 50 per cent of Yugoslav trade now takes place with Comecon — a proportion which worries the Yugoslav authorities whose policy aims at balancing trade with East and West as far as possible.

Finland has its own unique special relationship with its big neighbour, the Soviet Union, from whom it buys most of its oil and many of its raw materials in return for an ever increasing volume of manufactured exports. This is reflected in the figures which show that 23 per cent of Finnish imports and 16 per cent of exports in 1979 went to Comecon countries, mainly the Soviet Union.

But volumes alone do not tell the whole story. A glance at the composition of East-West trade shows that manufactured goods—typically process plant, energy related equipment, special machine tools, electronic equipment, chemical plant and transport related machinery—account for around 45 per cent of Western exports while grain and other aids to propping up East European—and specially Polish and Soviet agriculture—also loom large.

In return, Western countries receive mainly energy and raw materials (especially from the Soviet Union), foodstuffs, consumer goods and engineering goods. The latter are frequently produced on Western machines and imported under various forms of counter-trade or compensation deal. Comecon countries also export a variety of other goods which frequently take all the skill of specialised barter and counter trade selling agencies to dispose of on third markets.

### Risks

Despite the risks to the Wes involved in technology transfer and other aspects of trade however it does also bring politica: advantages. The Soviet need to import 40m tons of grain this year, the partial dependence on technological imports, the reluctance to assume Poland's $27m foreign debt have surely all been factors, perhaps decisive factors, influencing the Soviet Union's caution and restraint during the long Polish crisis. East-West trade is also a major factor in helping to maintain the links between East and West Germany and maintain contacts between both sides of a divided European continent.

But realisation of the full potential for trade, which is enormous, depends on the establishment of a more solid and trusting political relationship which, at present, seems as far away as ever.

# Soviet gas pipeline a key project

FOR THE early 1980s, the Comecon countries can be placed into three groups: Those countries in excellent financial health — the Soviet Union is alone in this group. Those countries going through an adjustment period — Bulgaria, Czechoslovakia and Hungary, or coping with problems satisfactorily — East Germany. Those countries in crisis — Poland and Romania.

The strength of the Soviet Union's position is due to its oil exports. However, the key source of real expansion in East-West trade in the early 1980s will be the Soviet natural gas pipeline project from Eastern Siberia to Western Europe. This project alone will largely determine the scale and composition of Soviet import demand from Western and Eastern Europe, and the volume of Soviet exports in the late 1980s.

The successful conclusion of the negotiations for the pipeline project would provide an impetus to conclude contracts for the other major projects in the Soviet Union and some Eastern European economies which have been put on hold.

Favourable resolution of the Polish crisis is also a major precondition for any optimistic projection of Soviet and Eastern European trade with the West.

Three Eastern European countries — Bulgaria, Czechoslovakia and Hungary—have been going through a period of adjustment. By achieving balanced hard-currency trade in 1980 and 1981 they can now increase imports from the West in step with the growth of their exports.

Hard currency export earnings in Bulgaria—and to a lesser degree also in East Germany, Czechoslovakia and Hungary—depend on a continued ability to re-export Soviet oil, purchased at preferential prices and for roubles, on the world market.

In the case of Hungary, the hard-currency trade outlook crucially depends on maintaining a substantial hard-currency

## Comecon debt

DONALD W. GREEN and JAN VANOUS

surplus in trade with the Soviet Union while simultaneously running a significant rouble trade deficit.

Because of the special status accorded to East Germany, and the general Western confidence in the strength of that economy, the necessity of a dramatic import curb is unlikely in the next few years.

The two Eastern European crisis economies—Poland and Romania—will be subject to binding credit constraints during the next few years. In Poland's case economic austerity is likely to continue at least through 1985 because of the anticipated slow economic recovery.

It is the judgment of most economists that by 1985 at best the Polish economy may recover to the 1978 level of aggregate output—with a much different structure of output.

The Romanian economy is also at a crossroads. If the Romanian planners can gain control of their energy crisis and introduce some effective economic reforms, the balance of payments situation could sufficiently improve by 1983 so the country could resume positive real growth of non-energy imports from the West. If not, Romania could well face economic decline and domestic turmoil.

From the middle of the decade to the end of the 1970s, net CMEA debt to the West increased at an annual rate of roughly 20 per cent in real terms. This was one of the most rapidly growing segments of the world capital market. The major sources of credit to Comecon countries in the initial phase were Western governments and the largest of the American banks.

In the second phase of the expansion, from 1977 to 1979, the principal suppliers of new credits were commercial banks in Europe and Japan, plus the smaller U.S. banks. The total claims of the nine largest U.S banks on CMEA countries actually declined from a peak exceeding $4bn in early 1978 to only $3.4bn at the end of 1930.

The sharp increase in credit supplies during 1978 and 1979 forced lenders to offer more advantageous terms. As a consequence, spreads over short-term Eurodollar rates declined and loan maturities increased to 10 years in many syndications.

The current phase of reduced net lending began with the general market tightening associated with the Iranian revolution during 1979, and was reinforced by the Soviet invasion of Afghanistan in December 1979, and the political unrest in Poland beginning in the summer of 1980.

The emergence of Arab banks as a source of credit for Eastern Europe helped to sustain a nominal increase in Comecon external debt of $4.9bn in 1980. This represented a 7.5 per cent increase in current dollars or an actual decline in real terms. This stagnation of lending to Comecon has continued thus far in 1981, with growing resistance to medium-term lending by Western banks.

In the first half of the 1980s, the growth of CMEA net debt to the West will probably fall in the range of 2 to 5 per cent in real terms. There appear to be no large new sources of commercial credits to Comecon countries. Their external debt may rise sharply in 1982-83, but only because of the new Soviet natural gas pipeline. Any increase in lending by Arab banks or from the newly industrialised countries — particularly Brazil—will probably be offset by the exit of smaller Western banks.

Furthermore, the preferences of lenders for various types of future Comecon credits are being strongly influenced by the current rescheduling of Poland's debt to commercial banks. Project lending within Comecon, with or without compensation trade agreements, has been *dealt a major setback* by the treatment of Poland's copper loans in the interbank negotiations.

Classical trade finance with terms of 360 days or less has been excluded from general rescheduling, while all other credits with terms exceeding one year have been treated the same way as any seven-year financial credit.

For the commercial banks, this collective judgment of the market will shift their desired portfolios to short-term finance. This in turn will raise the *spreads on medium-term financial credits* relative to those on short-term trade credits. The increased attractiveness of yields on medium-term credits may have a positive effect on the volume of such credits, but the supply response is unlikely to be very strong. Consequently, the structure of Comecon external debt will also tend to adjust toward a shorter mean maturity.

With such a shift in the loan yields and Comecon debt structure, the average spread paid on CMEA debt may not rise significantly in the early 1980s. However, spreads on medium-term syndicated loans are likely to rise except for the most highly regarded Comecon borrowers—the Soviet Union and Czechoslovakia.

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### WESTERN TRADE WITH COMECON*

| Country | Imports from Comecon: Value ($U.S.m) 1979 | Percentage share of country's total imports 1979 | Exports to Comecon: Value ($U.S.m) 1979 | Percentage share of country's total exports 1979 | Trade balances: Exports minus imports‡ ($U.S.m) 1979 |
|---|---|---|---|---|---|
| Germany, Fed. Rep. of† | 7,986 | 5 | 8,695 | 5 | 969 |
| Italy | 3,866 | 5 | 2,633 | 4 | −967 |
| Yugoslavia | 3.449 | 27 | 2,660 | 41 | −504 |
| France | 3,290 | 3 | 4.027 | 4 | 687 |
| United Kingdom | 2,958 | 3 | 2,058 | 2 | −574 |
| Finland | 2.606 | 23 | 1,807 | 16 | −628 |
| Austria | 1.773 | 9 | 1,992 | 13 | 276 |
| Sweden | 1,766 | 6 | 1,175 | 4 | −468 |
| Netherlands | 1.811 | 3 | 1,144 | 2 | −574 |
| Belgium | 1,059 | 2 | 1,059 | 2 | 52 |
| Denmark | 878 | 5 | 377 | 3 | −435 |
| Switzerland | 1,134 | 4 | 1,068 | 4 | −33 |
| Western Europe (all countries) | 35,326 | 5 | 30,409 | 4 | −2,826 |
| United States | 1,976 | 1 | 5,674 | 3 | 2,812 |
| Canada | 265 | 0 | 991 | 2 | 734 |
| Japan | 2,233 | 2 | 3,244 | 3 | 1,228 |
| Sub-total | 4.474 | 1 | 9,909 | 3 | 5,774 |
| Grand total | 39,800 | 3 | 40,318 | 4 | 2,948 |

| Country | Comecon Exports to the West: Value ($U.S.m) 1979 | Percentage share of country's total exports 1979 | Comecon Imports from the West: Value ($U.S.m) 1979 | Percentage share of country's total imports 1979 | Western trade balance: Exports minus imports‡ ($U.S.m) 1979 |
|---|---|---|---|---|---|
| Soviet Union | 21,892 | 38 | 20,037 | 31 | −478 |
| Poland | 5,424 | 31 | 6,231 | 38 | 1,120 |
| German Dem. Rep† | 4,475 | 28 | 5,276 | 35 | 1,017 |
| German Dem. Rep‡ | 1,965 | 12 | 2,656 | 18 | 826 |
| Czechoslovakia | 3,213 | 23 | 3,067 | 24 | 37 |
| Hungary | 2,784 | 32 | 3,137 | 40 | 502 |
| Romania | 3,472 | 32 | 3,882 | 40 | 613 |
| Bulgaria | 1,050 | 12 | 1,309 | 15 | 325 |
| Total† | 42,310 | 32 | 42,939 | 32 | 3,140 |
| Total‡ | 39,800 | 30 | 40,319 | 30 | 2,949 |

* Figures refer to seven East European members of Comecon: Soviet Union, Poland, East Germany, Czechoslovakia, Hungary, Romania and Bulgaria.
† Including trade between East Germany and West Germany.
‡ Excluding trade between East Germany and West Germany.
Source: UN Economic Commission for Europe.

# Reforms the basis of export success

HUNGARY is the living proof that Comecon markets cannot be treated as a uniform bloc but must be carefully investigated one by one. Since embarking on the path of the "new economic mechanism" in 1968 Hungary has radically reformed the traditional Soviet-style centrally planned economy. It is still pushing ahead with further reforms aimed at creating an enterprise-orientated form of market socialism.

The bureaucratic formalism, reluctance to take decisions and frustrating insistence on counter-trade and other implicit admissions of marketing incompetence which accompany business in most other Comecon markets are refreshingly absent here. Hungary actually believes in the international division of labour and is systematically restructuring its economy to produce internationally competitive goods.

Rationalisation of the industrial structure has been accompanied by administrative reforms such as the merger of three former industrial ministries into one Ministry of Industry. The separate Ministries of Heavy Industry, Metallurgy and Machine Industry, and of Light Industry have disappeared in the process. The rationalisation has been made possible because the former detailed instructions which once emanated from these ministries are no longer needed. Managers are now expected to take their own decisions and be *guided* by domestic and international market forces.

Underpinning the industrial reforms lies an efficient export-orientated agricultural system based on co-operation between state farms, agricultural co-ops and small scale private farmers.

Nearly 40 per cent of Hungary's hard currency exports still consist of agricultural and food products—not only to western markets but also to the Soviet Union.

Up to now Hungary's exports have tended to be matched roughly between Western and Comecon markets but the trend appears to be towards a slow but steady increase in the proportion of western trade which is already above 40 per cent. Hungarian enterprises are particularly anxious to increase the number of joint ventures with Western companies. Only 3 per cent of western exports are accounted for by joint ventures at present, but Hungary's advantages as a Comecon manufacturing base are attracting the attention of western firms.

West Germany and neighbouring Austria are the main Western markets but Hungary has made and continues to make a major effort to boost trade with the U.S. since most favoured nation status was granted three years ago. It is also keen to increase trade with other EEC countries.

The Soviet Union is Hungary's largest single trade partner and the principal supplier of energy, raw materials and even some consumer goods like cars. In return Hungary exports mainly foodstuffs, finished engineering products like buses, chemicals, pharmaceuticals and consumer goods. The Soviet and other Comecon markets benefit from the quality of Hungarian exports.

Hungary on the other hand, by insisting on the all-round technical and commercial competitivity of its products, has used the existence of large-scale, long-term contracts as the basis for economies of scale and large production runs which

## Hungary

ANTHONY ROBINSON

would otherwise be denied a small country of only 10.7m people.

Classic examples of this are to be found at the Ikarus bus production company and the Raba engineering group. Within the framework of Comecon specialisation and integration agreements Hungary opted to become Comecon's major bus specialist. The programme entailed heavy investment on western plant and equipment and licensing agreements with Western engine, transmission and axle companies. But the Hungarian designed Ikarus bus range is now a major Hungarian export earner with 12,000 of the single or articulated units worth $250m annually going abroad—50 per cent to the Soviet Union but 20 per cent to hard currency markets, including the U.S.

Producing buses on this scale has also created the preconditions for the emergence of another high-value export speciality—heavy duty rear axles of which Hungary has now become a major world-scale producer at the Raba plant at Gyor.

In a fully automated plant full of American, Japanese, West German, Swiss and British machine tools Raba turns out axles not only for Ikarus but also for other Comecon bus and truck producers as well as major U.S. manufacturers like General Motors, International Harvester, Eaton, Fargo Tractor and Steiger.

Ikarus, Raba and other major companies like the Tungsram light company are typical of the Hungarian drive to create highly specialised world-scale industries.

The Hungarian system allows easy access to the end user and direct contacts between Western companies and Hungarian enterprises. This access is also facilitated by a growing network of foreign representative offices, professional commercial counsellors in Hungarian embassies abroad and by the Hungarian Chamber of Commerce. The chamber has far greater powers than most of its other Comecon equivalents. It organises seminars, sets up meetings and also produces first class trade publications. Hungarian enterprises are also increasingly sophisticated advertisers.

The scope for increased imports is a function of successful export marketing. Just how successful Hungary has been in restoring external equilibrium can be seen from the current account. This has moved from a deficit on hard currency trade of $1.2bn in 1978 to a surplus of $154m over the first half of this year. This in turn is a reflection of the strategic decision to opt for equilibrium at the expense of growth. Investment budgets have been curtailed over the last two years, real income growth has been restrained by higher prices and productivity-linked wage increases.

A major step forward was taken on October 1 when a unified forint exchange rate was introduced to replace the former dual forint quotation for tourist and commercial purposes.

The creation of a unified forint exchange rate has been talked about as a stage on the path to external convertibility. The Bank of Hungary now seems to be backtracking on this, largely because the forint could then become the vehicle for the illegal convertibility of other non-convertible Comecon bloc currencies.

Nevertheless, the ability of the national bank to create a unified currency whose hard currency conversion value accurately reflects its internal purchasing power is in itself a welcome novelty to Western businessmen and tourists who have to put up with the highly artificial exchange rates of other Comecon currencies.

But this is merely one aspect of the Bank of Hungary's multiple and crucial role in overall monetary management. The Central Bank controls all aspects of the money supply, including the extent of foreign borrowing.

*It also plays a key role* in investment policy by acting as a kind of merchant bank. It runs a special fund for financing investment projects requiring the import of western plant and equipment. Enterprises applying to the bank for credit have to satisfy the bank credit committee that the investment will yield at least 12 per cent net profit and earn the equivalent in foreign currency within three years. The bank estimates that over $900m in increased hard currency exports have been generated by such projects so far.

Such selectivity ensures that western suppliers of capital goods equipment have to be able to put forward a good technical case for their products. But it also means that once approved the finance is there to complete the deal. The same cannot always be said of many other markets—in Comecon or elsewhere.



# Export growth vital to country's recovery

TO PERSUADE Polish dockers to load a consignment of export goods is no easy matter nowadays. Holdups are frequent, especially where food is concerned.

Often the only way to resolve the stoppage is for a representative of the foreign trade enterprise concerned to turn up with the relevant documents and prove to the dockers that the deal is a profitable one.

Exporting is not popular and special mistrust surrounds Poland's trade relations with Comecon. At the same time a consignment of meat to Great Britain meets with opposition too. A gulf separates the economists, both the officials and those in Solidarity and the man in the street.

The authorities for their part are trapped between the strongly voiced needs of the population and the shortage of Western credits. These are needed to finance imports of raw materials and semi-finished products to

## Poland

CHRISTOPHER BOBINSKI

keep export and domestic production going. The circle is indeed a vicious one.

A lack of hard currency for imports means that production drops and exports fall, too. The economic decline hits productivity and hence contributes to social unrest and the continued unpopularity of sales abroad. No export growth means that the prospects for credits diminish and industrial production continues to fall. The response of the authorities has been to cut imports as export earnings fall.

Imports from the hard currency areas in the first seven months of the year fell by 26 per cent to $3.8bn compared with $5.2bn in the same period last year. Exports earnings fell 23 per cent to $3.7bn from $4.8bn in the first seven months of 1980. Thus a rough balance was achieved — but at a lower level all round.

One of the most serious blows to exports has been the 20 per cent drop in domestic coal production this year. Coal in the past had brought in as much as 20 per cent of the country's entire export earnings and the cut in export sales this year to some 16m tonnes from the 40m tonnes exported in the late '70s has hit the economy hard.

Export sales to Poland's traditional coal customers, like Denmark, have fallen by nearly 70 per cent. France, another coal importer, has bought goods valued nearly 40 per cent less than in the same period of 1980.

Japan was one of few countries to actually increase sales to Poland in the first half of the year. Its credit-backed exports rose by 10.2 per cent. Others managed to keep within the average decline. Thus British exports dropped by 24 per cent, while West German and Italian exports each fell nearly 20 per cent. At the same time France, which this year has supplied some $900m worth of credit, exported only 12 per cent less.

The structure of Polish imports has also changed over the last year. In the first six months of this year 21.3 per cent of the value of purchases world wide went on imports of processed food and agricultural products. In the first half of 1980 this figure stood at 15.3 per cent and was 14 per cent in the previous year. The only other import sector whose share is rising is predictably fuel and energy.

At the same time the share of raw materials, machinery and semi-finished products continues to drop. The abysmal situation *in the shops* and the subsequent anger of the population has meant that the authorities are being forced to import some 145,000 tonnes of meat this year. This explains why food exporters like Australia, Canada and the U.S. are enjoying an actual growth in sales to Poland against a background of general decline.

Planning has become more complex than ever and the new chief of the Planning Commission, Mr Zbigniew Madej, has proposed three variants for next year.

Much depends on coal production, and on progress in rescheduling next year's debts and finding new money to get the economy going again.

Should coal production fall to 155m tonnes next year from this year's expected 164m tonnes then imports from the West would have to fall to $5.3bn while exports would be $6.8bn. What Mr Madej calls the realistic variant has 1982 hard currency imports and exports balancing out at $7.4bn—compared with expected export earnings worth $6.7bn and imports worth $7.2bn this year.

Meanwhile the foreign trade enterprises monopoly is to be broken. From the beginning of next year enterprises will be given greater freedom to do business themselves if they find it more profitable than hiring the services of a foreign trade enterprise. At the same time producers will be free to choose among the foreign trade companies.

# Well prepared to drive a hard bargain

## Soviet Union

ANTHONY ROBINSON

PICTURE THE archetypal Soviet trade negotiator and the image which comes to mind is someone very similar to Anatoly Karpov, the Russian chess Grand Master. For an ability to plan several moves ahead and keep track of parallel games on separate boards is an indispensable part of the mental equipment of this specially-trained breed of full-time specialists in foreign trade negotiations.

Maximising the advantages of being monopoly buyer—is the name of the game, and attracting as many competing Western companies as possible with the lure of large-scale contracts is the principal starting gambit.

It is a system which is much better at driving a hard bargain from suppliers than achieving striking export successes in competitive foreign markets. But the Soviet Union has been blessed by nature with enormous natural riches in energy, raw materials and precious metals.

This is reflected in the fact that 60 per cent of the Soviet Union's hard currency earnings from the West stem from the export of oil and gas. The bulk of the remainder is made up of other traditional items like timber, furs, diamonds and other precious stones and raw materials.

It is this natural wealth which makes the Soviet Union an interesting trading partner for the West—as well as forming the basis of its economic hegemony over Eastern Europe. Over the last decade it has received a further benefit from the sharp increase in world prices for these principal export items. This is reflected in a sharp improvement in the Soviet Union's terms of trade throughout the 1970s.

This has been doubly fortunate because over this period the performance of the Soviet economy as a whole has been expressed in steadily-declining economic growth rates, a consistent failure to reach productivity targets, and a steadily-rising level of production costs as cheap and accessible reserves have had to be replaced by ever more distant and costly resources.

Western observers believe that the performance of the Soviet economy is unlikely to improve unless major reforms are introduced which decentralise the economy, reduce the bureaucratic formalism and interference of the central planning mechanism and encourage enterprises to take their own risks and decisions. In the meantime the Soviet need for Western plant, equipment and know-how is likely to increase rather than diminish in the years ahead if the planners are to get anywhere near their goals of raising labour productivity and reducing the waste of energy, raw materials and other resources.

The failure of detente to blossom into a more generous spirit of co-operation has meant that the ambiguity which has characterised Soviet trade with the outside world since the outset still remains.

Indeed, it has deepened somewhat in recent months with leading members of the U.S. administration questioning the wisdom of trade which ultimately could strengthen the military part of the Soviet economy or increase dependence on Soviet energy.

Doubts of this nature have coloured U.S. government opposition to the Siberia-West Europe gas pipeline project — although U.S. concern about the possible strategic implications of an increase in West European dependence on Soviet energy sources did not prevent the U.S. administration providing export licences for Caterpillar tractors or the resumption of large-scale grain sales. Ambiguity is not a monopoly of the Soviet Union.

The large-scale import of Western plant and equipment has undoubtedly played a key role in modernising strategic sectors of the Soviet economy.

Given the top priority accorded to the military sector in the Soviet Union it would be naive to believe that much of this equipment has not, directly or indirectly, facilitated the production of increasingly sophisticated Soviet arms.

In some industries — chemicals for example — imports from the West have virtually created whole industrial sectors. The Italian chemical company Montedison alone has exported 43 chemical plants to the Soviet Union and long-term agreements with other major western chemical companies and plant suppliers have filled in other major gaps.

Over the last decade Western car and truck companies have also helped the Soviet Union to create modern production facilities in these key areas while Western computers, oil and gas equipment, steel pipes, special ships, specialised machine tools and scientific apparatus have accounted for as much as 10 per cent of total investment outlays in some years, according to studies made by the Economic Comission for Europe in Geneva.

What is more, Soviet planners also frequently demand rush orders of vital components to fill unforeseen gaps in interrelated plan targets or use counter-trade requirements to offload embarrassing surpluses which may have built up in other areas. At the same time only massive purchases of grain from the U.S. and other producers such as Argentina, Australia and Canada, have prevented large-scale slaughter of livestock during frequent crop failures.

What this all adds up to is a picture of considerable Western assistance to the overall Soviet economy through trade. For its part, the Soviet Union consistently downplays the importance of Western trade to its economy and emphasises instead what it sees as the "mutually beneficial" nature of East-West trade and the special contribution which Soviet orders make to relieving the unemployment problem in Western countries.

As befits a huge Continental economy foreign trade represents a small proportion of Soviet GNP and, like that of the U.S., represents a rather small tail on a very large dog. Even so trade with the West has expanded dramatically over the last decade. According to Soviet figures trade between the Soviet Union and Western Europe increased sevenfold over the last decade to 25.4bn roubles in 1980 and the share of total Soviet trade rose from 16.6 to 27 per cent over this period. Trade with Japan—the Soviet Union's natural partner for exploitation of Siberia—also rose sharply.

Up to now the Soviet Union has been a cautious and conservative borrower on international capital markets and the main restraint on imports from the West appears to have been domestic bottlenecks and other difficulties in absorbing Western technology into its own very different structure rather than hard currency shortages.

This situation could change in the 1980s. Clear signs of a deterioration in the Soviet Union's foreign currency accounts emerged over the first half of this year. This was due to the combined effect of the import of 19m tons of grain, large scale imports of pipes and other equipment and the granting of hard and soft currency loans to Poland.

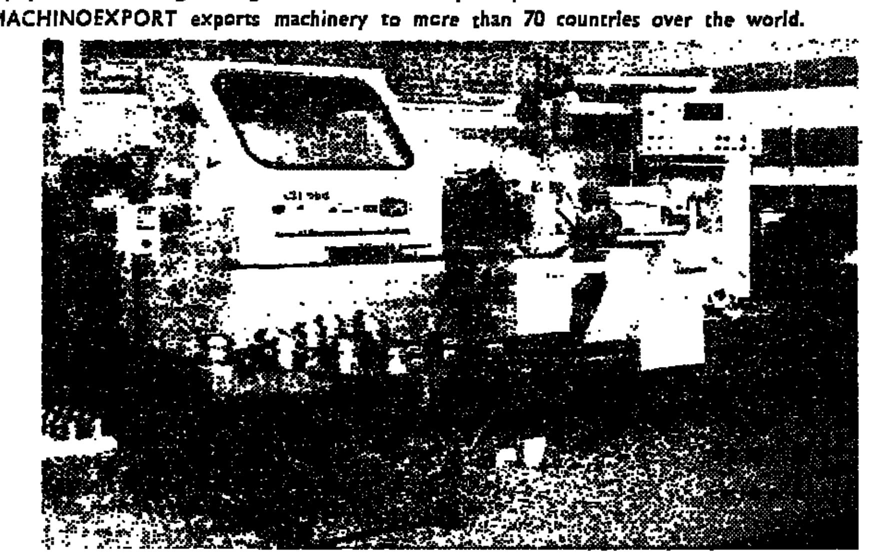
Confirmation of another bad harvest this year (only 170m tons of grain), the existence of long-term energy projects and the continuing Polish crisis imply that these factors are likely to become constants rather than merely passing problems.

What is particularly interesting about the latest Soviet trade performance is not only that trade with the developed West swung round into a $3.7bn deficit over the first half but the Soviet Union's traditional hefty surplus on trade with the developing countries showed its first deficit for 20 years.

This swing to a $320m deficit was a side effect of the U.S. grain embargo and the sharp increase in grain imports from countries as diverse as Argentina, India, Brazil and Thailand. The deficit came in spite of an estimated 25 per cent rise in arms exports to developing countries to reach nearly $3bn.









# Special role in Comecon

## East Germany

ANTHONY ROBINSON

AS a trade partner East Germany, the German Democratic Republic, likes to play its cards close to its chest. Its foreign trade statistics in particular are notoriously reticent.

In order to secure the best terms the foreign trade enterprises like to have as many Western firms as possible competing for contracts. Inevitably this frequently makes the negotiating process a long and psychologically fraught affair. Often initial contacts are made at the Spring and Autumn Leipzig Trade Fairs and the authorities also like to use the Leipzig venue for the formal signature of important contracts in order to enhance the standing of one of the most important of all the East-West trade fairs.

In absolute terms trade with the industrialised West only accounts for around 20 per cent of total trade, and trade with West Germany alone accounts for around 40 per cent of that.

But the importance of its trade with the West is much greater than the volume above implies.

East Germany plays a special role within Comecon as an "in-house" supplier of high technology products, especially to the Soviet Union its major export market. This is a function of its ability to absorb, and in some cases develop imported Western technology as well as its own special skills in lignite and metallurgical technology. In recognition of this role the Soviet Union has been willing to allow East Germany to run a substantial rouble deficit which helps to ensure its ability to finance imports from the West.

Modernisation of the motor car and truck industry is currently a major investment area as is a crash programme for the development of the electronics industry.

Higher productivity and lower energy and raw material inputs are the main themes of the new five-year plan and this makes East Germany a selective, but important market for electronics and aids to industrial efficiency of all kinds.

According to the UN Economic Commission for Europe, East German exports to the West in 1979 amounted to $3.3bn, over 20 per cent of its $15bn total exports, while imports from the West totalled $4.93bn out of $16.21bn. Since then the GDR has announced a 27 per cent rise in exports to the West in 1980 and a further 12 per cent over the first half of 1981—but information on the trend of imports is coyly hidden behind the bland phrase "imports were affected according to plan."

Western bankers assume that the main reason for such reticence is reluctance to reveal the underlying trade deficit with the West which amounted to $1.6bn in 1979 and is a major factor behind the steady build-up in East German hard currency debt. According to Western estimates the GDR net debt now amounts to around $11bn and servicing this debt takes between 40 and 50 per cent of annual hard currency export earnings.

East German trade officials take the view that credit is an integral part of any trading relationship, that the GDR with its solid economy is, and will remain, a good credit risk and that the GDR has no intention of allowing its deficit to reach Polish-style proportions. They also point out that one of the principal aims of the current five year plan is to achieve a more rapid expansion of exports to the West than imports.

What worries some western bankers however are the ambitious growth targets contained in the new five year plan and the likely side effects of the recession in western markets on East bloc exports in general.

The five year plan unveiled at the party congress earlier this year calls for an average 5.1 to 5.4 per cent growth in industrial production over the plan period. This is to be achieved mainly through improved labour productivity and is to be coupled with an energetic programme of savings in both raw material and energy inputs and the widespread recycling of waste products.

GDR productivity, while still over a third lower than West Germany, is already much higher than most other Comecon countries and the reorganisation of industrial enterprises into 157 industrial Kombinate, coupled with what appears to be an efficient central planning bureaucracy, does appear to offer scope for future productivity gains of this kind.

A major characteristic of the new five-year plan is the relatively low number of big new projects planned and the strong emphasis on technological upgrading and energy and raw material saving throughout industry. Planners have, rather belatedly, woken up to the enormous potential productivity gains to be achieved through the application of micro-electronics to industrial processes and products.

Rostock harbour, East Germany's main trade outlet, has been developed from scratch into a modern container, grain and general cargo port since the 1939-45 War. Growth of the harbour has been matched by steady growth of the merchant fleet to 1.9m dwt over the last 30 years.

Apart from the new opportunities opening up for specialised small companies the GDR is anxious to dispel the widely held view that the GDR market is very largely a special hunting ground for West German industry.

The fact remains, however, that the special relationship between the two German states ensures that West German firms, including of course the West German subsidiaries of the transnational corporations, can still be expected to remain by far and away the largest Western trade partner for the foreseeable future.

At present West Germany accounts for around 9 per cent of the GDR's total imports and over 40 per cent of its imports from the West. Common Market recognition of inter-German trade as domestic trade between the two halves of Germany gives the GDR a unique status as a kind of honorary member of the Common Market.

But the GDR's political as well as economic desire to diversify its foreign trade has led to some significant shifts. France, for example, has made a determined effort to increase trade with the GDR.

But it is to Japan that East Germany appears to be mainly turning for new technology, although by no means exclusively in the electronics sphere.

The GDR has turned to Toyo engineering for a $500m oil cracking plant at Schwedt which will enable the GDR to extract far more sophisticated, high value refined products from its imported Soviet oil.

It is also looking to Japanese and other western firms for co-operation in its highly ambitious robot and electronics expansion plans.

At the same time the GDR is anxious to emphasise its own technological prowess, built largely on the basis of an increasingly highly skilled and educated labour force and its decision to concentrate on areas like lignite mining, conversion of lignite into chemical feedstock and various special metallurgical processes. The GDR Central Bureau for International Licensing claims to have sold over 60 GDR licences to Japan alone covering such areas as bucket excavators, fine casting technology, plasma cutting machines and vacuum vaporation. Over 550 GDR licences have been sold to the West in general.

# Well placed to expand deals with the West

## Bulgaria

LESLIE COLITT

TUCKED AWAY on the outer fringes of Eastern Europe, Bulgaria has been quietly exploiting good relations with the Soviet Union, the advantages of Comecon specialisation and proximity to the oil rich markets of the Middle East to achieve a modestly successful balance of industrial and agricultural development.

As it moves into the increasingly sophisticated areas of computers, chemicals, electronics and machine tools it is well placed to expand its trade with the West which hitherto has been well under 20 per cent of the total and quite the lowest in Eastern Europe.

Partly because of the relatively low level of its Western involvement so far it does not share the hard currency shortages of several other Comecon countries and its overall debt position is modest, although relatively high as a proportion of hard currency earnings.

It appears to have achieved the hat-trick of maintaining a surplus in its balance of trade while holding its indebtedness to the West down to an estimated $3.8bn and at the same time providing the populace with a plentiful supply of food.

According to Mr Georgi Pirinski, a deputy Minister of Foreign Trade, Bulgaria has not been on the market for short-term financing in the past two years because, it has been running increasing overall surpluses on its current account and a hard currency trade surplus. Although no statistics are published on the current account or on Bulgarian indebtedness, he noted that Western estimates of the debt are "not too inaccurate."

Bulgaria conducts 74.6 per cent of its foreign trade with other Comecon countries of which 53.5 per cent is with the Soviet Union. Last year it had a slight deficit in trade with Moscow, apparently because of higher priced Soviet oil imports which were not balanced by Bulgarian exports to Moscow. This deficit has widened in the first eight months of this year.

Last year trade with Western industrial countries showed a small surplus. But this turned into a considerable deficit over the first months of this year. This was more than made up for, however, by the large surplus Bulgaria continues to pile up in its trade with the Middle East and developing countries. This includes hard currency earnings from MAT, Bulgaria's international freight carrying organisation which runs a fleet of mainly Western-made trucks between Europe and the Middle East.

Bulgaria has adjusted relatively smoothly to the world energy crisis because it gets all its oil from the Soviet Union at about 55 per cent of the Opec price. In 1974 Bulgaria received its first nuclear power station from the Soviet Union which now supplies 19 per cent of the country's electricity.

Most important, Bulgaria produces half of its energy requirements using low-grade lignite deposits and is continuing to harness its hydro-electric potential. Strict measures have been taken to reduce oil consumption including one of the highest petrol prices in Europe.

Westerners are often surprised to learn that Bulgaria is Comecon's largest exporter of electronics, from mainframe computers to peripherals. The equivalent of $2bn in electronics is exported to other Comecon countries out of total exports last equal to $20bn. The main market is the Soviet Union. "This pays for a large part of the oil," Mr Pirinski noted.

Bulgaria produces computer peripherals for Comecon's Unified Computer Technology System as well as central processors. Its plant turning out disc storage drives is one of the Continent's largest but Mr Ivan Chorbadziev, director of the computer division, admitted that the kind of components Bulgaria produces lagged behind the international pace-setters. But "what is important, we are going to the core of the industry, mastering it from A to Z," he said.

Using its own technology, Bulgaria's electronics industry now produces its own chips and manufacturing masks. It relies heavily though on components from the Soviet Union, Czechoslovakia, and Hungary, and sells the end-product to these countries.

Bulgaria's exports to the West which amounted to $1.4bn out of total exports worth $8.9bn in 1979, are made up of 50 per cent manufactured goods, 20 per cent food and 30 per cent raw materials.

Bulgaria has been assigned the role of producing fork-lift trucks as part of Comecon's industrial specialisation programme. The main reason is that Bulgaria has extensive lead deposits needed to produce batteries for electrical fork-lift trucks. Last year with the production of 78,000 units Bulgaria took third place after Japan and the U.S.

Balkancar, which produces materials handling equipment and buses exported 1,000 fork-lift trucks to the West last year, three-quarters of them to West Germany, France and Italy. Electric engines are produced under a Bosch licence and its diesel engines under a licence from Perkins. The hydraulic transmissions are built under licence from Borg Warner while the power-assisted steering stems from Zahnradfabrik. Batteries and accumulators are made under a Varta licence. Ninety per cent of Balkancar's output goes to Comecon and 70 per cent of this to the Soviet Union. The fork lifts exported to the West are enough to cover the cost of the licences.

Bulgaria has made a name for itself in Western Europe with its exports of fresh produce especially to West Germany and Austria. The Bulgarians did not make the mistake of Poland and Romania by neglecting agriculture and today the country produces one and a half times the amount of food it consumes.

Agricultural production is concentrated in 300 large agro-industrial complexes covering virtually all arable land. Apart from minimum production targets set by the Government, the individual collective farms are left to decide what to produce while incentives have been improved through higher purchase prices.

# Debts dominate the short term

## Romania

LESLIE COLITT

WESTERN perceptions about Romania as a business partner have changed substantially over the last year or so. Alone among Comecon members Romania is a member of the International Monetary Fund and the World Bank as well as enjoying Most Favoured Nation status with the U.S. It also has a special agreement with the European Common Market which was signed last year, much to the chagrin of Comecon executives.

Comecon has been unsuccessfully trying to negotiate a direct EEC-Comecon link for years and resented Romania's willingness to sign the sort of bilateral link which the EEC negotiators have argued all along is the most appropriate form of relationship.

This was merely the latest in a long line of independent Romanian foreign policy initiatives which made Romania popular in Western chancelleries for years, despite the fact that Romania's domestic policies are among the most oppressive in Eastern Europe and living standards consistently have been sacrificed at the altar of high nominal growth rates and rapid industrialisation.

It now looks as though much of the economic sacrifices involved in this crash industrialisation programme may have been in vain. The basis for its original policies of relatively low level involvement in Comecon was oil self-sufficiency which disappeared in the mid 1970s—partly as a result of reserve depletion and partly as the result of a massive expansion of the country's refinery and petro-chemical capacity.

Romanian ambitions of earning large amounts of hard currency by refining and re-exporting Middle East oil have been struck a cruel blow by the sharp rise in crude oil prices, the Iran-Iraq war and the slump in refined product prices because of the recent world-wide glut.

At the same time Romania's ambitious plans to build up its own nuclear engineering and generating industry through co-operation with Canada and use of the Candu nuclear technology have run into deep financial and industrial problems. The timing could hardly be worse because other long term, capital intensive programmes requiring substantial hard currency expenditure and western imports are also in mid-stream, incurring large costs without any short term prospects of counter-balancing hard currency income.

A classic case in point can be seen in the fledgling aircraft industry where Romania has close links with Rolls Royce and British Aircraft Corporation for construction of the BAC 1-11 model.

Romania's problems have been exacerbated by decades of relative neglect of agriculture and recent poor harvests which have kept agricultural output well short of its long-term potential. Despite this the authorities have been forced to step up the export of meat and other food products for hard currency and this has created serious food shortages which have badly affected the morale of a work force already dispirited by years of sacrifices and low living standards.

The parallels with Poland are too close for comfort for many Western bankers and businessmen—with the difference that Romania is a much more tightly controlled society than Poland ever was and Romania is already showing clear signs of moving back into a much closer relationship with both the Soviet Union and Comecon as its economic problems worsen.

The net result of these developments is to curtail drastically the prospects for any expansion of trade with the West for the foreseeable future and further borrowing and some debt re-scheduling if existing obligations are to be fulfilled.

Western estimates of Romanian debt stand at about $6bn from banks and a further $4bn in cheaper government credits or from the IMF and World Bank. The IMF granted a further $1.48bn multi-currency five-year loan in June. This was essentially a balance of payments loan which is repayable over five years starting 1984.

In the longer run, however, Romania's prospects are not universally black. It is one of the best endowed countries of the region in terms of agricultural potential, coal, oil, gas and hydro-electricity reserves as well as its own uranium. These are all scheduled for higher priority development over the next few years while the industrial base will have to be substantialy modified away from the energy and raw material consuming sectors with emphasis on electronics agro-industry and greater participation in Comecon co-operation and integration projects.

In the meantime Western businessmen are complaining about long delays in payments and demands to undertake heavy counter-trade commitments of Romanian goods whose quality frequently makes them difficult to sell except at heavily discounted prices. Many companies dealing with Romania now say that they will sign no new contracts with the FTO's until old debts are paid and letters of credit opened for new business.

As difficulties mount in trade with the Western industrialised countries, Romania is seeking to increase its sales to developing countries, and particularly to the Middle East where it can offer substantial expertise built up over long years of developing its own domestic oil, gas and petro-chemical industries. Such expertise is also useful to the Soviet Union.

Persistent efforts to re-establish close relations with Iran apparently bore fruit last month when Romania reported agreement on plans to buy 4m tons of Iranian oil "at Opec prices" in exchange for Romanian industrial goods and oilfield equipment. Romania is already helping to drill for oil in Algeria, Egypt and Iraq.

A separate Ministry of Oil and Gas was re-established last month, and Mr Constantine Soare, director in the new ministry, said that a 6 to 8 per cent increase in oil production from last year's 11.5m tons is planned this year together with a 10 per cent rise in gas production. A steady 5 per cent rise in oil production, mainly using sophisticated secondary recovery methods, is planned for future years until production climbs back to the 15m tons reached in the mid-1970s peak.

# Strong demand for equipment

## Czechoslovakia

TOM SEALY

CZECHOSLOVAKIA started the first year of its current five-year plan with its biggest Governmental shake-up since 1970 and the introduction of a "Set of Measures" designed to pull the economy back on course after a generally poor performance through 1975-80.

But these moves do not signal a change in direction in economic planning so much as a further strengthening of policies introduced in the middle of the last five-year plan. On the positive side these cut the hard currency deficit from a 1977 high of some $625m to produce a modest surplus of about $4m and restrained hard currency indebtedness to some $4.5bn.

But this strict debt policy reduced Czechoslovakia's ability to import from the West and was at least partly responsible for shortcomings in other sectors of the last five year plan.

The 1975-80 period saw a continuing deterioration in Czechoslovakia's international competitiveness. By 1980 the country's share in world exports of machinery and equipment had slumped to just 1.3 per cent exports rose by 47 per cent instead of the planned 72 to 74 per cent, industrial output rose by 25 per cent instead of 33 per cent and gross domestic products grew by 20 per cent instead of 27 per cent.

Up to one third of the country's major investment projects failed to be completed on time, energy and raw materials consumption remained high and labour productivity continued to grow at an unsatisfactory rate.

In the government shake-up earlier this year Czechoslovakia replaced its planning chief, two deputy premiers and the foreign trade ministers. But the single most important move was the promotion of former State Bank President, Mr Svatopluk Potac to chairman of the Planning Commission, chairman of the Foreign Trade Bank and Deputy Premier.

The hope would appear to be that Potac will be able to repeat the success he achieved in managing the country's finances in the last five-year plan in managing the overall economy in this. But that, in turn, will depend on the effectiveness of the Set of Measures.

The "Set of measures to improve planned management of the national economy after 1980," came into force in January this year. In essence it seeks to concentrate the national effort on correcting the deficiencies which became all too painfully apparent in the last five years whilst still achieving a balance in trade with the West or even a moderate surplus.

The result should be the more effective and economic production of high quality manufactured products with no increase in the labour force or imported fuels.'

Exports of products requiring a high energy or raw materials input, like steel plate, tube and sections, will be cut, as will exports of timber and some consumer goods. Reduced timber exports will be compensated by increased sales of pulp and paper from the new Paskov mill and more consumer goods will be reserved for the home market.

But exports of machine tools, textile, shoe and leather working machines, printing machines, cars, trucks, tractors and motorcycles will be increased. Efforts will also be made to increase the sale of Czechoslovak licences for a wide range of technologies.

But the single most important component in the Set of Measures is the almoost total block on new investment over the next five years. Instead all efforts will be put into completing those investment projects already under way but delayed. These include key projects in the energy programme like the nuclear power stations and manufacturing facilities like the expansion of the Tatra car works at Koprivnice, the medium-fine rolling mill at the Vitkovice NHKG steel complex and the new oil refinery at Litvinov.

According to State Bank Deputy Director Mr Jiri Bruk, this will not mean import cuts. Indeed it might even mean a short-term increase in imports from hard-currency sources in an effort to accelerate the completion of priority investments. But imports will be subjected to much tighter central control to ensure the plan orientated acquisition of new technology as and particularly when, it is required. In the past much equipment has been bought but not put to work because of the failure to complete projects on time.

In future, repayment of individual capital imports will have to be achieved within 18 months apart from exceptional cases.

Particularly highly sought by Czechoslovakia is equipment, technology and know-how designed to reduce energy and raw materials consumption and to increase labour productivity. Czechoslovakia has a dwindling coal resource of some 120m tonnes a year and a domestic gas production of 800,000 cu m. Coal supplies from Poland have been cut drastically over the past year and the country cannot afford to substantially increase its yearly imports from the USSR of 19m tonnes of oil and 8bn cu m of gas if it is to keep its foreign trade account in balance.

Efforts are also being made to increase the utilisation of solar and thermal energy.

The major development area in the current plan will be electronics whose earnings are to double by 1985. According to electrical engineering and electronics minister Mr Milan Kubat, the programme will be dependent on western imports of rare and non-ferrous metals, special steels and chemicals.

Prospects are also bright in the automobile sector. Although plans are not finalised it is almost certain that Czechoslovakia will go ahead with plans to produce a new front-wheel drive car. Czechoslovakia is also looking to increased co-operation with western partners in third country projects.

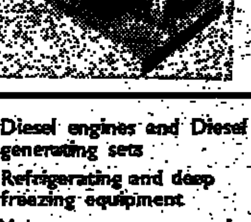
But the Czechoslovaks complain that while they provide opportunities for western subcontractors in their projects abroad, they are offered few reciprocal opportunities to participate in western projects.

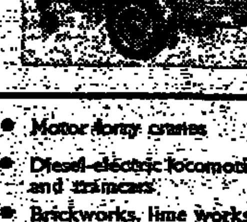
Other priority areas which will require imports of licenses, technology and equipment will be engineering and metallurgy, chemicals, pharmaceuticals, timber processing and light industry. In all cases Czechoslovakia will be looking for first rate products and processes from first rate companies.

Price too will be a major factor. Czechoslovakia has earned an enviable reputation for paying for a substantial part of its imports in cash, for paying promptly and for not making compensation or barter an essential component of its foreign trade.

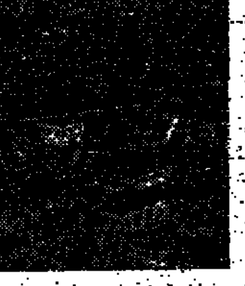
Czechoslovak sources confirm that this attitude will not change. Enterprises are, however, being required to look more closely at the deals they are offered, to examine the possibility of supplier credits and the prospects for a proportion of goods exchange in trade deals.













هكذامن الأحل

# COMMODITIES AND AGRICULTURE

## Sharp upsurge in zinc

BY RICHARD MOONEY

LACK OF progress in strike talks at Ireland's Tara Mines yesterday encouraged a dramatic rise in zinc on the London Metal Exchange. Concern is deepening over the effects of the 18-week-old Tara strike on European smelters which buy its zinc concentrates.

With St. Joe Minerals Corporation of the U.S. announcing a 1.25 cents a lb rise in its galvanising grade zinc price, bringing it back into line with other U.S. producers, the LME zinc market, already thought to be over-sold, staged an upsurge which left cash metal £33 higher at £502.50 a tonne.

Traders said the rise was also influenced by the decline of sterling against the U.S. dollar and awareness of the approaching closure of the American Bunker Hill zinc operation on October 29.

Together these factors resulted in "enormous" covering of short positions plus heavy fresh speculative buying they said.

The lead price rose in sympathy by £16.75 to £388.75 for cash in spite of news that St. Joe had cut its price of corroding grade metal by 2 cents a lb. The rise was encouraged by stop-loss covering.

The copper market, which had opened stronger and was affected by the strength of the zinc and lead markets, was given a further boost by Southern Peru Copper's decision to declare force majeure on shipments of cathodes from its Ilo smelter, strike-bound for three days. Cash copper wirebars on the LME closed £15.75 up at £914.50.

The cash tin price gained a relatively modest £10 to £8,165 a tonne helped by rumours of new Eastern bloc buying.

In New York the Phelps Dodge Corporation said its copper production and sales rose sharply in the third quarter of this year, compared with the same period of 1980.

Production rose to 76,600 tonnes from 22,700 a year earlier—the latter figure having been reduced by strikes at its Arizona mines and smelters and its El Paso refinery. Output in the first nine months of 1981 totalled 239,300 tonnes.

## U.S. will continue tin sales

BY OUR COMMODITIES STAFF

THERE IS no question of the U.S. halting the sale of surplus stockpile tin. That was the blunt message given to delegates at the World Tin Conference here by Mr Roy Markon, Commissioner of the U.S. General Services Administration.

Mr Markon said that the tin sales were vital to sustain the cash flow of funds required to restructure the stockpile. Someone might get hurt he envisaged but the restructuring of the stockpile was an essential part of the U.S. defence programme, and there was no acceptable alternative.

He noted that tin represented some US$2bn of the $5bn worth of surplus stockpile materials held. These had to be sold to help finance the cost of buying $8bn worth of materials needed to build up the stockpile to target levels. Cash flow was vital in achieving this objective.

Mr Markon said that under the new Stockpile Act passed in 1979, funds for purchasing materials required had to come from the sale of surpluses. But he added that the stockpile no longer be used for economic or political purposes.

A prediction that tin prices should fall by around £1,000 a tonne from the present levels was made at the conference by David Williamson of the London's Hargreaves and Williamson. He said that based on supply demand factors the price had nowhere to go but down. The present anomalous situation with a large-scale buyer pushing prices up has all the hallmarks of being supported by a producing country, he added. But Mr Williamson calculated that for the support operation to be sustained, the buyer will have to purchase some 30,000 tonnes of tin this year—at a cost of around £250m—and a further 25,000 tonnes next year as production was stimulated. This would effectively create another costly stockpile. He advised producers to sell at present levels and consumers to refrain from buying.

Mr John Bowi, Group Commodity Advisor to the Malaysian Mining Corporation advocated the development of more direct selling by producers under long-term supply contracts. He said this would reduce some of the price instability in a market currently dominated by merchants. Mr Bowi added tin was more suited than other metals to the introduction of a producer price arrangement. The bulk of production was concentrated in relatively few countries and there was little secondary metal recovery to undermine the producers sales strategy.

Alternatively, he suggested that the introduction of a tin futures market in Kuala Lumpur could give buyers and sellers greater flexibility.

## EEC sugar policy attacked

BY OUR COMMODITIES STAFF

BRITAIN'S confectionery, cake and biscuit makers yesterday attacked EEC policies which resulted in them paying "at least 10 per cent more" for sugar than their Continental counterparts.

Speaking at the joint annual lunch of the Cocoa, Chocolate and Confectionery Alliance (CCCA) and the Cake and Biscuit Alliance (CBA) in London, Mr Robert Wadsworth, CCA president, also said inadequate export refunds were set by the EEC for sugar exported in manufactured goods compared with those available on bulk sugar.

"We do not claim favoured treatment," he said. "We only ask that the exports of products which we process should be treated no less advantageously than exports of bulk sugar."

An Alliance document explained that the high price paid for sugar by British manufacturers resulted from the addition of transport costs to the price of Continental sugar; inadequate competition with the British Sugar Corporation having only to match the price of Continental or Tate and Lyle supplies; a higher intervention price in the UK; the setting of the can import price at a premium over EEC supplies; and an import tax resulting from the undervaluation of the so-called green pound.

## Iran's credit on lamb runs out

By Dai Hayward in Wellington

A SHIP loaded and ready to sail for Iran with New Zealand lamb is being held in port because Iran has not paid for earlier shipments.

Iran now owes the NZ Meat Board NZ$24m and the board has adopted a get-tough policy. Last month the Iran Central Bank stopped approving letters of credit for imports and New Zealand meat exporters have not been paid.

The Blue Port Line vessel Mandana finished loading 3,200 tonnes of lamb for Iran two weeks ago, but has not sailed. Other shipments on the water and already in store in Iran have also not been paid for.

One South Island meat processing company has held back payments to farmers who supplied lamb for Iran earlier in the year because the company itself has not been paid.

Meat Board chairman Adam Begg said the situation has reached a stage "where it needs to be brought home to the Iranian authorities that the delay in payment is a breach of our contract."

The late payment could have a considerable effect on New Zealand's decision to supply lamb to Iran next year.

Last season Iran bought 30,000 tonnes of NZ lamb worth about NZ$70m. There were some delays in payments from Iran but these all eventually came through. This year the delays are much longer, the amount of money involved is much greater and there is no indication that payment is likely soon.

## Indian tea output falls

By K. K. Sharma in New Delhi

TEA production in India declined in the first eight months of the year when plantations in the south produced 2.9m kilos less and north Indian plantations 14m kilos less than in the same period last year, according to the United Plantation Association of Southern India (UPASI).

The plantation fact sheets released by UPASI said the south, however, registered a marginal increase of 700,000 kilos in total exports in the eight months over the same period of last year. Total Indian exports during 1980-81 touched the record figure of 234.3m kilos worth Rs 4.2bn.

## China's harvest close to record

PEKING—China's grain output this year is expected to be close to the record 1979 production of 323m tonnes in spite of series of natural disasters.

The statement, released after a national conference on agriculture, also forecast big increases in production of cotton, oil crops, sugar and tobacco, the New China news agency said.

China initially set this year's grain target at slightly above the 1979 record, but widespread floods in some areas and drought in others forced a downward revision.

The new estimate has not been disclosed, but Chinese officials have indicated that it will be above last year's 318.2m tonnes.

Western experts believe that because of the good harvest and other factors, China's grain imports are not likely to rise substantially from the present annual rate of about 15m tonnes.

Meanwhile, David Satter in Moscow reports that the Soviet Union yesterday announced that Kazhachstan, its third most important grain producing area had better than expected grain sales to the state.

The figure of 15.734m tonnes of grain was announced in a message of congratulation from Mr Leonid Brezhnev, the Soviet president, to Kazhachstan grain farmers, published in Pravda.

The Soviet grain harvest is virtually complete, but the report from Kazhachstan is the only word on Soviet grain production which has been published in the nation's press, a further indication that the grain harvest as a whole has gone badly.

Kazhachstan sold an average of 16.34m tonnes of grain to the state in the 1976-80 five-year period.

This year's figure was below average although better than expected. Kazhachstan usually sells 60 per cent of its grain production to the state.

Like other grain growing areas of the country, Kazhachstan has been afflicted by hot, dry weather and the U.S. department of Agriculture is now predicting a Soviet grain harvest of 175m tonnes, 65m tonnes short of the annual target.

The message from Mr Brezhnev to the Kazakchstan farmers said that a "good harvest" had been produced in Kazakchstan in spite of poor weather. Pravda described the grain as high quality and said it included 10.7m tonnes of wheat, 80 per cent of which was of strong, hard varieties.

Thailand's export earnings from rice increased sharply during the first nine months of this year, and the country is on its way to a record export of rice for 1981, the foreign trade department said yesterday, AP-Dow Jones reports.

Earnings for nine months amounted to $960m from the sale of 2.53m tonnes, an increase in value of 52.8 per cent over the same period last year.

The Government has set a rice export target of 2.8m tonnes for this year, compared to volumes of 2.6m tonnes and 2.7m tonnes achieved in 1980 and 1979 respectively.

The increase in earnings this year was also a result of a higher price for the commodity in the world market.

The Soviet Union topped the list of Thai rice buyers for the first six months of this year, with purchases of 242,435 tonnes compared to 160,795 tonnes for the same period last year.

FARMER'S VIEWPOINT

## Cereal growers never had it so good

THERE is no doubt that cereal growers in Britain have been the main beneficiaries of the Common Agricultural Policy, in common, it must be said, with their counterparts in Europe and particularly in France. The guaranteed price levels of wheat, barley and maize have been consistently well above those on world markets and well above the levels of price support available to U.S. farmers.

This good fortune has stimulated a massive improvement in yields particularly in Britain, over the past decade. But it has had some unfortunate side effects.

The cost of export refunds and other support measures is rising steadily, and is expected to cost the EEC £1bn a year before long. Because prices have been maintained at a high level, animal feeds with a cereal base have been so dear as to cause difficulties in the livestock sector.

This has lead to increasing imports of cereal substitutes, such as tapioca, and their use has reduced the market for EEC cereals with increasing pressure on the support system.

In these circumstances the Commission is putting forward the suggestion that cereal prices should be aligned either to a world or U.S. farm guaranteed price which, it is estimated, will be lower than that ruling in the EEC. Achieving this would be a fairly long term affair. The best means would probably be by not raising prices in line with inflation, avoiding the fury that would be aroused by a co-responsibility levy.

This level of prices would, it is thought, keep the efficient farmers going, while the marginal ones would need other and perhaps more socially orientated systems of support.

These policy arguments, which are shortly to be presented to Ministers as part of the proposed reform of the CAP, are of considerable interest. On the face of it, even if the cost of the cereal regime reaches the £1bn mark, this will only represent about 8 per cent of the total value of the EEC crop.

The strategy is more subtle than it looks on the surface. A reduction of cereal prices would possibly reduce the demand for cereal substitutes and relieve the EEC from the odium of trying to prevent by tariffs the importation of manioc from Thailand or maize gluton from the U.S. The EEC Council of Ministers is under strong pressure to do both. With these competing products out of the way, the need for exporting EEC grain would be greatly reduced.

A cheapening of feeding stuffs costs would enable dairy farmers to live on a lower plane of prices and possibly this would encourage the EEC customer to consume more milk products. It is at present a purely academic exercise, but it is founded on some rather shrewd thinking.

Farmers are already divided on this issue. Cereal production in money terms amounts to less than 15 per cent of the total food output of most West European countries.

Pig and poultry farmers in Britain have had a tough time over the last few years, mainly because of feed costs. Both they and dairy farmers would have scant sympathy with the problems in the arable sector. Every now and then resolutions come up to NFU headquarters proposing a return to the deficiency payments system so that the stock farmers could secure cheaper feeds.

So if it was decided to hammer cereals in this way, it is very probable that the opposition would be confined to the relative minority of cereal farmers and the complaints of the stockmen would be muted by the provision of cheaper feed.

In this connection it is worth original thinking which led to the CAP was based on the premise that the cereal price would be the key to livestock products. By raising the price of grain all stock farming would be made less attractive and production would fall. Or if more livestock products were needed, all would be well if prices of grain were lowered by opening the sluicegates to overseas imports.

Unfortunately those who thought out this strategy were not aware of the possibility of cereal substitutes being as plentiful as they have turned out to be. The present levels of these imports is about 10m tonnes from all sources and they would undoubtedly increase if Community prices rose further.

The effect on British arable farming of a serious fall in prices in real terms would be serious. Margins are beginning to narrow significantly and many highly geared and high-rented farms would have a very nasty time indeed.

Will the Council of Ministers take any notice of these suggestions? I doubt it. There is at the moment a euphoric mood in the EEC's agricultural establishment.

The CAP budget has been underspent by some £400m. This is because a firm demand for food by the Communist block has pulled up world prices and so reduced the amounts to be spent on export subsidies. These prices, especially for cereals, could rise further should the U.S. Government be able to enforce a decline in wheat production a measure of which little has been heard over here.

In other words, the Micawber syndrome — that something will always turn up — will undoubtedly guide the Council into taking no positive action to reduce cereal production. Coupled with the fear that if they did take the steps proposed, and a shortage develop, the only ones to gain would be the bloated, capitalistic, cereal farmers.

John Cherrington

# BRITISH COMMODITY MARKETS

## BASE METALS

Base-Metal Prices surged ahead on the London Metal Exchange led by Zinc which advanced rapidly following aggressive and substantial buying, to touch £518, before closing at £511, reflecting the lack of progress at Tara Mines, the imminent closure of Bunker Hill in the U.S., and the price increase by St. Joe. Lead, thought to be over-sold, moved up in sympathy and closed at £398.5, after £400. Copper was finally £940.5, after £944, owing to the Southern Peru Copper force majeure. Tin gained ground with forward metal ending at £8,380 on rumoured eastern bloc purchases.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 908.5-9 | +11 | 914-5 | +15.7 |
| 3 mths | 938.5-9 | +11 | 944-.5 | +15.5 |
| Settlem't | 909 | +11 | — | ...... |
| Cathodes | | | | |
| Cash | 905-6 | +6.5 | 909-11 | +15 |
| 3 months | 933-4 | +10.7 | 938-9 | +14.5 |
| Settlem't | 904 | +10 | — | ...... |
| U.S. Prod. | — | ...... | *86.7-88 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £908.5, 9, 50, three months higher grade £939, 38.5, 39, 38, 39, 38.5, 39, 38.5, 39, 38.5. Kerb: Wirebars, three months £939, 40, 41, 42. Afternoon: Wirebars, three months higher grade £942.5, 43.5, 44, 43.5, 43, 42.5, 43, 44. Kerb: Wirebars, three months £943, 42, 41, 41.5, 41. Turnover: 20,875 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 8210-20 | +80 | 8150-70 | +10 |
| 3 months | 8360-2 | +10.5 | 8350-5 | +12 |
| Settlem't | 8220 | +88 | — | ...... |
| Standard | | | | |
| Cash | 8210-20 | +80 | 8150-70 | +10 |
| 3 months | 8360-2 | +185 | 8350-5 | +12 |
| Settlem't | 8220 | +88 | — | ...... |
| Straits E. | $35.60 | +0.08 | — | ...... |
| New York | — | ...... | | |

Tin—Morning: Standard, cash £8,195, three months £8,355, 60, 55, 53, 55, 60, 61, 60, 63, 65, 63, 60. High Grade, cash £8,220. Kerb: Standard, three months £8,325, 65. Afternoon: Standard, three months £8,370, 65, 60, 61. Kerb: Standard, three months £8,370, 80. Turnover: 3,105 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 384.5-5 | +15.2 | 388.5-9 | +16.7 |
| 3 months | 395.5-6 | +15.5 | 396.5-9 | +15.2 |
| Settlem't | 385 | +15 | — | ...... |
| U.S. Spot | — | ...... | *38-42 | ...... |

Lead—Morning: Cash £387, three months £393, 96, 97, 98, 97.5, 97, 98, 95. Kerb: Three months £396, 95, 96. Afternoon: Three months £394, 98, 99, 99.5, 99, 98.5, 98. Kerb: Three months £398, 97, 96, 95, 94, 93, 94, 96. Turnover: 14,375 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 494-5 | +22.2 | 502-3 | +33 |
| 3 months | 507-.5 | +21 | 515-.5 | +29.5 |
| S'ment | 495 | +25 | — | ...... |
| Primw'ts | — | — | *45.5-50 | ...... |

Zinc—Morning: Three months £506, 05.5, 6, 5, 4.5, 5, 7, 7.5. Kerb: Three months £509, 8, 7, 8, 9, 10, 11. Afternoon: Three months £510, 11, 12, 13, 15, 16, 17, 18, 17.5, 17, 16, 15.5. Kerb: Three months £513, 12, 11, 10.5, 10, 9, 8.5, 9, 10, 11, 12. Turnover: 22,250 tonnes.

| Aluminm | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 625-6 | +7 | 627-8 | +5.5 |
| 3 months | 652-3 | +7 | 654.5-5 | +6 |

Aluminium—Morning: Three months £654, 52, 53, 54, 53. Afternoon: Three months £655, 56, 57, 57.5, 58, 58.5, 57.5, 57, 56, 55, 4. Kerb: Three months £55, 54. Turnover: 15,525 tonnes.

Nickel — Morning: Three months £3,050, 45, 40. Kerb: Three months £3,030. Afternoon: Three months £305, 35. Kerb: Three months £3,035, 25.

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 2958-65 | -25 | 2965-75 | -17.5 |
| 3 months | 3030-5 | +15 | 3035-45 | +17.5 |

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

## SILVER

Silver was fixed 1.8p an ounce higher for spot delivery in the London bullion market yesterday at 500p. U.S. equivalents of the fixing levels were: spot $9.09, down 0.5c; three-month $9.43, down 1c; six-month $9.795, down 0.5c; and 12-month $10.57, down 0.5c. The metal opened at 495-498½p ($9.02-9.07) and closed at 499¾-502p ($9.05-9.10).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 500.00p | +1.80 | 505.0p | +4.75 |
| 3 months | 518.35p | +1.85 | 523.0p | +4.75 |
| 6 months | 537.00p | +2.35 | — | ...... |
| 12months | 577.60p | +2.70 | — | ...... |

LME—Turnover 112 (111) lots of 10,000 ozs. Morning: Three months 520.5, 20, 19.5, 20, 20.7. Kerb: Untraded. Afternoon: Three months 518, 21, 22. Kerb: Three months 521, 20.

## COCOA

Futures initially eased but steadied on trade support as further offtake among consumers was found. Renewed commission house support and profit-taking erased earlier losses, reports Gill and Duffus.

| COCOA | Yes'rday's Close | + or — | Business Done |
|---|---|---|---|
| Dec. | 1181-82 | +22.0 | 1186-42 |
| March | 1182-83 | +23.5 | 1187-40 |
| May | 1182-83 | +23.0 | 1185-44 |
| July | 1190-92 | +28.0 | 1191-54 |
| Sept | 1196-205 | +39.5 | 1196-64 |
| Dec. | 1200-15 | +40.0 | 1180-67 |
| March | 1200-40 | +37.0 | 1185-79 |

Sales: 5,535 (9,159) lots of 10 tonnes.

ICCO—Daily price for October 22: 93.82 (93.22); indicator prices for October 23: 97.69 (99.07).

## COFFEE

A higher opening attracted dealer selling and long liquidation, reports Drexel Burnham Lambert. Despite several fluctuations in the "C" market London failed to react and on a quiet close saw minor short covering.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Nov | 1105-07 | +12.5 | 1112-00 |
| Jan | 1114-15 | +16.0 | 1116-07 |
| March | 1114-15 | +10.0 | 1120-08 |
| May | 1111-12 | +8.5 | 1115-08 |
| July | 1110-13 | +7.5 | 1115-14 |
| Sept. | 1112-13 | +9.0 | 1115-10 |
| Nov. | 1100-18 | +14.0 | 1110 |

Sales: 2,483 (2,484) lots of 5 tonnes.

ICO 1979 indicator prices for Oct 21 (U.S. cents per pound): Comp daily 117.09 (116.50); 15-day average 116.78 (116.58).

## GRAINS

The market opened 10p down on wheat, 10p up on barley and unchanged on new crops. Barley was steady while wheat eased back partly on wheat/barley spreading and partly on hedge selling, Acli reports.

| WHEAT | | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterd'ys close | + or — | Yesterday's close | + or — |
| Nov... | 104.90 | -0.55 | 100.30 | — |
| Jan... | 108.20 | -0.55 | 103.85 | -0.15 |
| Mar... | 111.75 | -0.55 | 107.35 | -0.10 |
| May.. | 115.65 | -0.60 | 110.85 | -0.50 |
| July.. | 119.20 | -0.50 | — | — |
| Sep... | 106.50 | +0.10 | 100.60 | — |

Business done—Wheat: Nov 105.50-104.55, Jan 108.75-107.95, March 112.15-111.50, May 116.25-115.40, July 119.75-9.05, Sept 06.50 only. Sales: 355 lots of 100 tonnes. Barley: Nov 100.55-100.10, Jan 104.20-103.70, March 107.45-107.25, May 111.30-110.55, Sept no trades. Sales: 144 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: Oct 115.00, Nov 118.25, Dec 119 transhipment East Coast sellers. English Feed, fob: Nov 110.50 sellers East Coast. Maize: French: early-Nov 127.50 quoted transhipment East Coast. South African White/Yellow option: Nov 86.25 seller. Barley: English Feed, fob: Spot 104.25 paid East Coast, Oct 104.25, Nov 105.25 sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 109.80, N. West 107.70. Feed barley: S. East 99.00, S. West 99.70, W. Mids. 102.00, N. West 98.30. The UK Monetary Coefficient for the week beginning Monday October 26 is expected to remain unchanged.

## RUBBER

The London physical market opened easier and attracted little interest throughout the day to close quiet. Lewis and Peat reported an fob price for No. 1 RSS in Kuala Lumpur of 225.5 (230.0) cents a kg and SMR 20 180.0 (182.5).

| No. 1 R.S.S. | Yest'r'ys close | Previous close | Business Done |
|---|---|---|---|
| Nov. | 56.20-57.00 | 56.10-56.20 | — |
| Dec. | 57.10-57.50 | 57.10-57.30 | — |
| Jan-Mar | 58.80-58.90 | 58.90-59.00 | 59.00-57.80 |
| Apl-Jne. | 62.70-62.80 | 62.50-62.70 | 62.60-61.80 |
| Jly-Sept. | 66.00-66.10 | 65.90-66.00 | — |
| Oct-Dec | 68.50-69.50 | 69.20-69.50 | — |
| Jan-Mar | 72.70-72.80 | 72.80-72.70 | — |
| Apl-Jne. | 76.00-76.10 | 75.90-76.10 | 76.10 |
| Jly-Sept | 79.30-79.40 | 79.00-79.20 | — |

Sales: 142 (204) lots of 15 tonnes, nil (31) at 5 tonnes. Physical closing prices (buyer) were: Spot 54.50p (55.00p); Nov 52.50p (same); Dec 53.50p (same).

## SOYABEAN MEAL

The market opened with gains of 50p and moved higher on short covering following confirmation of U.S. sales for USSR. Prices remained firm with two-way trade particularly in forward months closing, reports T. G. Roddick.

| | Yesterdys Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| December | 132.80-33.0 | +0.70 | 132.80-32.70 |
| February | 138.50-36.8 | +1.40 | 136.80-35.60 |
| April | 138.50-38.9 | +1.05 | — |
| June | 141.50-42.0 | +2.80 | 142.00-41.50 |
| August | 142.00-45.8 | +1.25 | — |
| October | 143.00-48.0 | +0.50 | — |

Sales: 349 (194) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE—Raw sugar £157.00 (£152.00) a tonne cif Oct-Nov-Dec shipments. White sugar daily price £175.00 (£169.00).

Opening values were lower but thereafter in quiet trading conditions small gains were registered until arbitrage selling from New York took prices back to the lows, reports C. Czarnikow.

| No. 4 Contract | Yest'rdy's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Jan. | 158.00-58.50 | 156.75-57.25 | 160.00-58.00 |
| March. | 165.55-65.60 | 164.50-64.70 | 168.00-65.00 |
| May | 169.50-69.80 | 169.00-69.10 | 172.60-65.50 |
| Aug. | 174.00-74.50 | 173.10-73.50 | 176.00-73.25 |
| Oct. | 178.00-78.40 | 177.25-77.55 | 180.50-78.50 |
| Jan. | 179.50-80.00 | 178.00-79.50 | — |
| March. | 182.00-82.66 | 181.00-81.50 | — |

Sales: 4,037 (5,636) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.0 (same) a tonne fob for home trade and £25.5 (£281.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for October 21: Daily price 11.37 (11.61); 15-day average 12.26 (12.36).

## WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 469.0, 470.0, 470.0-462.0; Dec 487.5, 488.0, 490.0-487.5; March 502.0, 502.5, 505.0-502.0; May 513.5, 514.5, 515.5-513.5; July 520.0, 521.0, 521.0-520.0; Oct 518.0, 519.0, 519.5; Dec 522.0, 524.0, 523.5; March 527.0, 530.0, untraded. Sales: 175.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 405 seller, nil; Dec 382, 392, nil; Jan 384, 386, 386-385; March 393, 395, 395-394; May 399, 400, 401-400; Aug 412, 413, 413-412; Oct 416, 419, 418-417; Dec 421, 423, 423, 421; Jan 422, 424, 423-422; March 428, 430, 430-429. Sales: 103.

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 79 tonnes. Renewed weakness in cotton prices deterred customers from extending their purchases. Attention was mainly directed towards Middle Eastern growths.

## POTATOES

LONDON POTATO FUTURES—The market was initially quiet, trading in a narrow range a little below overnight levels. More widespread interest was seen later, reports Coley and Harper. Closing prices: Nov 80.00, +0.90 (high 80.00, low 79.70); Feb 93.00 +1.40 (high 93.00, low 91.10); April 105.80, +1.60 (high 105.80, low 103.50). Turnover: 320 (266) lots of 40 tonnes.

★

HIDES—Manchester: Light ox hides were markedly firmer, otherwise there was little change. Second clears. Ox: 31-35.5 kg., 58.6p a kg. (58.3p a kg.); 26-30.5 kg., 60.2p a kg. (59.4p a kg.); 22-25.5 kg., 71.3p a kg (67.3p a kg). Light cows: 25.5 kg., 70.5p kg (69.0p a kg).

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £6.00-£6.50, codling £3.20-£5.00. Large haddock £4.00-£4.20, medium £3.30-£4.00, small £2.30-£3.30. Medium plaice £6.40-£6.60, best small £4.30-£5.80. Skinned dogfish, medium, £8.00. Lemon sole, large, £13.00; medium, £10.50. Saithe £2.20.

## MEAT/VEGETABLES

SMITHFIELD — Pence per pound. Beef: Scottish killed sides 75.0 to 78.9; Ulster Hindquarters 87.0 to 88.5, Forequarters 58.5 to 61.0. Veal: Dutch Hinds and Ends 124.0 to 126.0. Lamb: English Small 68.0 to 76.7, Medium 68.0 to 72.7; Imported Frozen: New Zealand PL 64.0 to 65.5, PM 65.0 to 66.0. Pork: English, under 100 lbs 46.7 to 55.5, 100-120 lbs 46.0 to 54.0, 120-160 lbs 43.5 to 52.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 89.92p per kg lw (+0.891). UK—Sheep 154.70p per kg est dcw (−9.57). GB—Pigs 81.99p per kg lw (+0.91).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.70, 56 6.50, 72 6.45, 88 5.60, 112 5.35, 138 5.30, 150 4.95. Satsumas—Spania: 4.50-5.20. Lemons—Spania: trays 25/50 3.00-3.50; Cyprus: 6.40-7.00; Turkish: 6.00-8.00; Italian: 60/120 9.00-9.50. Grapefruit—U.S.: Pink 8.50-9.50; Cuban: 36/40/48 4.30-4.60, pink 32/48 4.80-5.20; Jaffa: 60s 5.50; Honduras: 5.50-5.80. Apples—French: New crop, Golden Delicious 20-lb. 3.20-3.50, 40-lb 6.00-7.00, Stark Crimson 40-lb 7.00-7.80, 20-lb 3.50-3.60; Granny Smith 8.00-9.00; Spanish: Golden Delicious 40-lb 5.40-6.00; U.S.: Red Delicious 8.00-14.00. Pears—French: Comice per pound 18-23; Dutch: Comice 14-lb 3.30-3.60; Italian: Williams' per pound 0.18-0.23. Peaches—U.S.: 80s 12.00-13.00. Plums—U.S.: Per pound 0.45-0.60. Grapes—Spanish: Almeria 11-lb 1.80-2.40, Negar 2.50-3.00; Greek: Rozaki 2.50; Italian; Italia, per pound, 0.30-0.34, Black Regina 2.50-2.60. Strawberries—U.S.: 200. Rasperries—U.S.: 1.70-1.80. Melons—Spanish: 10-kilos, yellow 4.40-4.80, green 3.00-4.00. Pineapples—Ivory Coast: Each 0.40-1.10. Bananas—Colombian: Per pound 0.19. Avocados—U.S.: Large box 5.50-6.00, small boxes 4.00-4.50; Israeli: 4.50-5.60; Canary: 5.00-5.50. Pomegranates—Spanish: 24/60 2.20-3.20. Dates—Tunisian: x 30 0.50-0.60; U.S.: 0.50. Figs—Turkish: x 48 x 8oz 0.19-0.20. Tomatoes—Dutch: 1.80-2.00; Spanish: 1.00-1.50. Onions—Spanish: Grano 3/5 3.50-3.60. Capsicums—Dutch: 5-kilos, red 5.00, green 3.60-3.80, yellow 9.00; Spanish: Red 3.50, green 3.00. Aubergines—Dutch: 5-kilos 7.50. Cabbages—Dutch: White 2.80, red 3.00. Chillies—Dutch: 3-kilos 4.20. Artichokes—French: Globe 24s 7.00-7.20. Chicory—Belgian: 3-kilos 3.00-3.20. Cucumbers—Dutch: 3.20-3.40; Canary: 2.60-3.00. Carrots—Dutch: 20-lb 2.00, pre-pack 2.80. Endive—French: 4.50. Fennel—Dutch: 3.00; Italian 25-lb 7.00-7.50. Chestnuts—Italian: 5-kilos 3.00-5.50; Spanish: 3.00-5.50. Asparagus—New Zealand: 1.60-2.00.

English Produce: Potatoes—Per 55-lb, white 2.40-2.70, red 2.60-3.00, King Edwards 2.80-3.30, jacket 3.20-3.50. Mushrooms—Per pound, open 0.40-0.50, closed 0.60-0.80. Apples—Per pound Bramley 0.12-0.22, Cox's 0.18-0.27, Worcester Pearmain 0.12-0.20, Russet 0.15-0.20, Charles Ross 0.15-0.18. Pears—Per pound Conference 0.12-0.18, Comice 0.15-0.22. Strawberries—Per ½-lb 0.30-0.70. Tomatoes—Per 12-lb, D/E 1.20-1.60. Cauliflowers—Per 12 3.00-3.80. Cabbages—Per bag, Primo 30-lb, 1.00-1.40. Lettuce—Per 12, round 1.00-1.60, Cos 10/12 1.40-1.80, Webb's 1.60-2.00. Radishes—Per pack 12 x 8ox 1.40, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.40-2.80. Carrots—Per 25/28-lb 0.70-1.00. Beetroots—Per 28-lb 1.00-1.20. Marrows—Per box 1.40-1.80. Fennel—Per 10-lb 3.00. Parsnips—Per 28-lb 1.60-2.40. Swedes—Per net 0.80-1.00. Leeks—Per 10-lb 1.40-1.60. Sprouts—Per 20-lb 2.50-3.20. Pumpkins—Per pound 0.06-0.10. Turnips—Per 28-lb 1.50-1.80. Celery—Per 18/36 Hassy 2.60-3.40.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Oct. 22 1981 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt | $1150/1160 | ...... | $1150/1160 |
| Copper | | | |
| Cash w'bar | £914.5 | +15.75 | £947 |
| 3 mths | £944.25 | +15.5 | £982.5 |
| Cash Cathode | £910 | +15 | £949 |
| 3 mths | £938.5 | +14.5 | £978.25 |
| Gold troy oz. | $432 | -2 | $448 |
| Lead Cash | £388.75 | +16.75 | £403 |
| 3 mths | £382.5 | +16.25 | £414.75 |
| Nickel | £4219.6 | ...... | £4,106.25 |
| Free mkt | 250/300c | ...... | 255/285c |
| Platin'mtr'y oz | £260 | ...... | £260 |
| Freemkt | £230.15 | +2.9 | £239.35 |
| Quicksilvert | $420/425 | ...... | $428/435 |
| Silver troy oz | 500.00p | +1.90 | 547.70p |
| 3 mths | 518.35p | +1.95 | 567.70p |
| Tin Cash | £8,165 | +10 | £8395 |
| 3 mths | £8362.5 | +12 | £8562.5 |
| Tungsten22.0lb | $142.62 | ...... | $145.86 |
| Wolfrm 22.04lbs | $136/141 | ...... | $144/148 |
| Zinc Cash | £502.5 | +33 | £498 |
| 3 mths | £515.25 | +29.5 | £516.25 |
| Producers | $1000 | ...... | $1000 |
| **Oils** | | | |
| Coconut (Phil) | $590y | ...... | $530 |
| Groundnut | ‡ | ...... | ‡ |
| Linseed Crude | £425x | ...... | £420 |
| Palm Malayan | $515z | ...... | $507.5 |
| **Seeds** | | | |
| Copra Philip | $360 | ...... | $335 |
| Soyabean(U.S.) | $262.5 | -2 | $266 |
| **Grains** | | | |
| Barley Fut. Jan | £103.85 | -0.15 | £104.70 |
| Maize | £137.50y | ...... | £127.50 |
| Wheat Fut. Jan | £108.20 | -0.55 | £110.45 |
| No2 HardWint | ‡ | ‡ | ‡ |
| **Other commodities** | | | |
| Cocoa ship't * | £1,257 | +67 | £1,387 |
| Future Mar. | £1182.5 | +25.5 | £1,381.5 |
| Coffee Ft' Jan. | £1114.5 | +16 | £1,028.5 |
| Cotton A. Index | 74.15c | -0.5 | 75.60c |
| Gas Oil Nov. | ‡ | ...... | $303 |
| Rubber (kilo) | 54.5p | -0.5 | 52.5p |
| Sugar (Raw) | £157xz | +5 | £173 |
| Woolt'ps 64s kl. | 390p kilo | ...... | 386pkilo |

‡ Unquoted. z Dec. y Nov. x Oct-Nov. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal.

# AMERICAN MARKETS

NEW YORK, October 22.

HEATING OIL prices sold off sharply on news that Nigeria cut its crude oil prices. Grains and soyabeans were under pressure as a result of a deteriorating situation in Poland. Late selling in the livestock markets left the complex mixed as a favourable supply news failed to attract follow-through buying. Cotton was lower on reports that the cold weather forecast would not be as damaging to the Texas crop as originally feared. Sugar was lower on commission house liquidation in expectations of further crop improvement. Precious metals were trying to finish higher on Polish reports, reported Heinold.

Copper—Oct 73.70 (73.80), Nov 73.95 (74.15), Dec 73.80-75.20, Jan 76.05, March 77.95-78.30, May 80.05, July 82.00, Sept 83.95, Dec 86.65, Jan 87.55, March 89.45, May 91.35, July 93.25.

*Gold—Oct 434.5 (432.1), Nov 434.2 (433.0), Dec 439.0-439.5, Feb 450.0, April 461.8, June 472.0, Aug 485.1, Oct 496.9, Dec 509.0-512.0, Feb 520.8, April 532.8, June 544.8, Aug 556.9. Sales: 30,000.

*Platinum—Oct 410.0 (408.4), Jan 420.0-421.0 (318.2), April 436.5-437.0, July 452.4, Oct 468.1. Sales: 910.

Potatoes (round whites)—Nov 67.8 (69.0), Feb 75.3 (76.8), March 78.2-78.5, April 87.8-88.2. Sales: 892.

¶Silver—Oct 913.5 (906.5), Nov 915.0 (909.0), Dec 925.0-928.0, Jan 940.3, March 964.0-966.0, May 989.5, July 1013.5, Sept 1037.5, Dec 1073.5, Jan 1085.5, March 1109.0, May 1132.5, July 1156.0. Handy and Harman bullion spot: 910.00 (902.00).

Sugar — No. 11: Jan 11.30-11.40 (11.40), March 11.90-11.92 (12.05), May 12.25-12.27, July 12.55, Sept 12.85, Oct 13.07-13.10, Jan 13.20, March 13.75.

Tin—674.00-687.00 (669.00-687.00).

CHICAGO, October 22.

Lard—Chicago loose 20.0-20.25.

Live Cattle—Dec 64.60-64.65 (64.20), Feb 64.95-64.90 (64.87), April 65.05-65.15, June 65.90-66.00, Aug 65.20, Oct 63.95.

Live Hogs—Dec 48.75-48.65 (48.52), Feb 49.35-48.60 (49.90), April 47.70-47.60, June 49.90-50.00, July 50.35, Aug 49.45, Oct 47.30, Dec 48.70.

Pork Bellies—Feb 67.40-67.25 (67.70), March 67.10-67.25 (67.42), May 68.30-68.25, July 69.40-69.20, Aug 68.70-68.50.

WINNIPEG, October 22.

§Barley—Oct 123.70 (126.20), Dec 126.30-126.40 (126.80), March 130.60, May 133.70, July 134.60.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 250.89 (248.54).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

## Wednesday's closing prices

NEW YORK, October 21.

††Cocoa—Dec 1946 (2034), March 1984 (2082), May 2037, July 2048, Sept 2068, Dec 2088, March 2109. Sales: 5,068.

Coffee—"C" Contract: Dec 133.25-133.50 (130.09), March 128.50-128.75 (126.05), May 125.48-125.50, July 125.45, Sept 124.25-124.50, Dec 122.50-122.75, March 120.50-120.51. Sales: 2,300.

Cotton—No. 2: Dec 65.70-65.75 (64.67), March 68.05-68.10 (67.22), May 69.68, July 71.50-71.55, Oct 73.40-74.00, Dec 74.75, March 75.85-76.00. Sales: 5,800.

Orange Juice—Nov 115.40-115.50 (115.50), Jan 118.60-118.80 (119.00), March 121.50, May 124.00-124.20, July 126.60-126.80, Sept 127.00, Nov 127.70-128.00. Sales: 500.

CHICAGO, October 21.

Chicago 1mm Gold—Dec 437.8-438.0 (437.4), March 454.2-455.0 (453.2), June 472.3, Sept 490.1, Dec 508.1, March 526.3, June 544.7, Sept 563.3.

# EUROPEAN MARKETS

ROTTERDAM, Oct 22

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, Oct 199.50, Nov 203, Dec 207. U.S. No. Two Red Winter, Nov 183, Dec 191. U.S. No. Three Amber Durum, Oct 195, Nov 195, Dec 202. U.S. No. Two Northern Spring 14 per cent, Oct 192.50, Nov 194, Dec 196.50. Canadian Western Red Spring, Oct 25/Nov 25 25.50.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow, Oct 128.50, Nov 126, Dec 129.75, Jan/March 138.50, April/June 145 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yelow Gulfports, Oct 260.50, Nov 259.25, Dec 263.50, Jan 270, Feb 279.50, March 279.50, April 284.25, May 287.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S., afloat 230-232, Oct 227, Nov 227.50, Dec 229, Nov/March 238, Jan 236, Jan/March 242, April/Sept 259 sellers. Brazil Pellets: afloat 248, Oct 250, Nov 249, Dec 249, Nov/March 258, Jan/March 264, April/Sept 268 sellers.

PARIS, Oct 21

Cocoa—(FFr per 100 kilos): Dec 1220-1240, March 1225-1228, May 1220-1235, July 1220-1225, Sept 1225-1235, Dec 1240 bid, March 1250 bid. Sales at call: 6.

Sugar—(FFr per tonne): Dec 1770-1774, March 1795-1800, May 1830-1838, July 1840-1880, Aug 1895-1915, Oct 1935-1965, Nov 1935-1965, Dec 1950-1990. Sales at call: 4.

## INDICES

FINANCIAL TIMES

| Oct. 21 | Oct. 20 | Month ago | Year ago |
|---|---|---|---|
| 257.66 | 257.98 | 259.93 | 278.54 |

(Base: July 1, 1952=100).

MOODY'S

| Oct. 21 | Oct. 20 | Month ago | Year ago |
|---|---|---|---|
| 996.6 | 998.0 | 1022.2 | 1334.2 |

(December 31, 1931=100)

DOW JONES

| Dow Jones | Oct. 21 | Oct. 20 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 353.75 | 355.76 | 349.77 | 483.79 |
| Fut'rs | 370.20 | 369.87 | 370.15 | 502.10 |

(Average 1924-25-26=100)

REUTERS

| Oct. 22 | Oct. 21 | M'nth ago | Year ago |
|---|---|---|---|
| 1654.8 | 1645.6 | 1667.6 | 1749.9 |

(Base: September 18, 1931=100)

## NatWest opens centre

THE National Westminster Bank yesterday opened an international banking centre at Slough, Berks. The office will bring a range of foreign services to the area by providing a centralised source of expertise and operations.

Its services include full processing of documentary credits, outward bills, discounting bills, telegraphic transfers, foreign drafts, and foreign till facilities and currency accounts.

# Uncertainty about interest rates and public spending leaves Gilts at five-year low and equities depressed

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct 12 | Oct 22 | Oct 23 | Nov 2 |
| Oct 26 | Nov 5 | Nov 6 | Nov 16 |
| Nov 9 | Nov 19 | Nov 20 | Nov 30 |

* "New time" dealings may take place from 9.30 am two business days earlier.

London stock markets yesterday suffered a return of recent uncertainty about short-term international interest rate trends and concern over Treasury efforts to contain public spending. These were the two main influences adversely affecting sentiment, but the possibility of a heavy defeat for the Tories in the Croydon North West by-election was an additional depressant.

Actual selling pressure on the two principal investment areas was light, but offerings found dealers extremely reluctant to increase already adequate book positions and trading conditions therefore stayed thin. The situation was not helped by continued apathy on the part of institutional investors who again reserved funds, some, possibly, for next week's Cable and Wireless issue.

Government securities sustained sizeable falls which were extended in the after-hours' trade to leave selected longer-dated stocks down a point on balance. The shorts were around ⅜ lower and the FT Government Securities index dropped 0.63 to a new five-year low of 60.44.

Leading shares held remarkably steady at the opening with sentiment again supported by Hawker Siddeley's pleasing half-yearly figures, announced the previous afternoon. In the absence of demand, however, most were unable to resist the pressures emanating from the Gilt-edged sector and slipped lower in sympathy. Early-afternoon rumours concerning the situation at BL further unsettled markets and the ensuing weakness on Wall Street at yesterday's opening set the seal on a depressing day.

Double-figure falls were incurred by some constituents of the FT Industrial Ordinary share index which, after recording a minimal loss at the first calculation of the day, closed 9.2 down at the session's lowest of 467.3. Distillers were particularly dull at 164p, down 10, following reports that the projected upturn in the group's fortunes might be delayed, and Oils turned weak.

The popular October series having expired on Wednesday, demand for Traded options was greatly reduced and only 1,540 deals were completed, comprising 889 calls and 651 puts. Interest in Oil issues, recently centred on British Petroleum, switched to Shell Transport which attracted 262 calls and 104 puts. A useful put business also developed in Grand Metropolitan and ICI with 177 and 217 trades respectively.

Johnstone's Paints made a bright debut in the Unlisted Securities Market; from an opening level of 69p, the shares touched 72p in a lively business before closing at 70p which compares with the issue price of 64p.

## Royal Bk. Scotland up

Revived hopes that the Monopolies Commission will not veto the controversial bids from Hong Kong and Shanghai and Standard Chartered helped Royal Bank of Scotland to rise to 155p in the early trade before a close of a net 4 up at 150p. Elsewhere, Barclays drifted down 8 to 400p and Lloyds shed 7 at 385p, while NatWest relinquished 6 at 362p. Discount Houses eased in places following adverse comment; Union lost 10 to 420p. Still reflecting the disappointing interim statement, Smith St Aubyn shed 7 more to 125p.

Narrow mixed price movements showed in Insurances following a small trade.

Reports of analysts' doubts about the company's recovery potential prompted marked weakness in Distillers which closed 10 lower at 164p. Other Wines and Spirits trended lower in sympathy, notably Arthur Bell, 4 cheaper at 126p, and Invergordon, 5 off at 153p. In contrast, H. P. Bulmer remained firm and added 4 to 281p for a rise of 16 so far this week. Breweries traded within narrow limits.

Burnett and Hallamshire provided an isolated firm spot in Buildings, rising ⅝ to £10¼, after £10½, on the go-ahead for its £50m mining and property development at Newcastle-under-Lyme, Staffs. John Finlan were actively traded and touched 172p on talk of an imminent announcement concerning discussions with an unnamed party before easing back to close unchanged on balance at 165p. Brown and Jackson dropped 4 to 20p on the proposed £1.33m rights issue, while further offerings left UBM 2 cheaper at a 1981 low of 49p. The leaders turned dull late, Blue Circle, 450p, and Tarmac, 320p, shedding 6 apiece, while Redland lost a similar amount to 152p.

ICI also succumbed to late offerings and closed 6 down at 254p. Among other Chemicals, Novo Industries "B" improved 2¼ points to £104.

## Polly Peck good again

In contrast to the earlier part of the week, movements of note among Stores were generally restricted to secondary counters. Mr Asil Nadir's holdings continued to attract speculative support and Cornell Dresses, 145p, and Polly Peck, 330p, rose 13 and 15 respectively, while Wearwell closed 2 dearer at 66p. Interest also revived in long-time takeover favourite Tern-Consulate, which advanced 6 to 1981 peak of 70p. Interim results from Selincourt proved better than expected and, helped also by the chairman's cautiously optimistic view on second-half trading, the close was a penny harder at 11½p. Ramar Textiles firmed a penny to 7½p in response to the same-again full-year profits. The leaders drifted easier in a subdued business. British Home eased 3 to 113p, the disappointing half-timer outweighing bid rumours. Mothercare, which announced lower-than-expected interim profits on Monday, took on a firmer appearance at the outset but the rally was short-lived and the shares reacted to close a net 4 down at 138p.

Berec became active in Electricals and rose 10 to 116p on speculative buying fuelled by talk of an overseas counter-bid of around 130p per share and/or an increased offer from Hanson Trust; the latter rose 6 to 272p. Elsewhere, the popular leaders drifted steadily lower on sporadic offerings and lack of fresh support; Racal shed 15 to 385p and GEC 11 to 678p, while Thorn EMI, 413p, and Plessey, 294p, lost 7 apiece. Standard Telephones and Cables at 398p, gave back 7 of the previous day's rally of 15, while Ferranti relinquished 10 at 485p. Emess Lighting lost 8 to 115p and Unitech 7 at 188p. Pressac hardened 2 to 28p on the results.

Up 20 the previous day in response to the better-than-expected interim profits, Hawker Siddeley improved further to 294p in the early business after comment on the figures but retreated on profit-taking to finish a net 6 down at 284p. Other Engineering leaders gave ground with GKN closing 4 off at 146p and Tubes softening a couple of pence to 98p. Elsewhere, Ahwood Machine Tools rose 1½ to 10½p on the announcement that Woodrush Investments is to take a 32 per cent stake as a result of the proposed capital reorganisation of the company. W. Tyzack and Sons Turner rose 4 to 32p following the results, while McKechnie Bros, 99p, and Spencer Gears, 13p, both closed 2 dearer after trading statements. W. Williams, on the other hand, lost 2 to 11p on the increased interim deficit and Linread shed 4 to 18p following nervous selling ahead of next Friday's preliminary figures.

Leading Foods lacked support J. Sainsbury losing 10 to 410p and Associated Dairies 4 to 166p. Tate and Lyle 160p, and Rowntree Mackintosh, 148p, both shed 4p. Fitch Lovell relinquished 3 to 72p on a withdrawal of speculative support. News that Northern Foods had increased its stake in the company prompted support for Avana which touched 235p before drifting off to close a net 7 cheaper at 225p. William Low shed 4 to 152p following the lower annual profits.

## Hoover better

Secondary issues again provided the major movements in miscellaneous industrials. Hoover A had earlier risen to 94p on speculative buying prior to the announcement of major reorganisation and restructuring proposals within the group and eventually closed 6 up on the day at 92p; the ordinary rose 7 to 100p. Nu-Swift Industries advanced 4½ to 34p on the disclosure that U.T.A. Freight own a near-10 per cent stake in the company, while William Press put on 4 to 70p on buying ahead of the interim results due next Thursday. Duple rose 5 to 33p following speculative buying and Grimshawe added 3 afresh to 25p. Following the Board's recommendation to shareholders to take no action in connection with the surprise share exchange bid from Jenks and Cattell, Elliott Group of Peterborough slipped back 5 to 42p with J. and K. 4 off at 58p. The leaders drifted lower on lack of support. Firm of late following Press comment. Glaxo eased 6 on profit-taking to 392p. Bowater shed 5 to 205p and Turner and Newall 4 to 72p.

## Oils easier

Firm and active recently on the prospect of increased crude prices, Oils succumbed to end-Account offerings. The tone deteriorated further after hours on Wall Street advices and British Petroleum closed 12 down at 292p, while Shell finished 6 off at 352p. Lasmo reacted 20 to 475p and Ultramar 15 to 470p, while Burmah gave up 6 to 107p. IC Gas, at 175p, gave up 5 of the previous day's gain of 12, while Premier shed a like amount to 58p and KCA International lost 4 to 127p. Elsewhere, Eglinton, a thin market, attracted fresh speculative interest and firmed 5 for a two-day gain of 30 to 105p.

The chairman's warning of reduced preliminary earnings continued to depress Gill and Duffus which fell 6 for a two-day fall of 32 to 164p. Harrisons and Crosfield, interim results next Tuesday, eased 12 more to 750p, while the absence of takeover developments clipped 3 from Tozer Kemsley and Millbourn, 72p.

## Quiet Mines

Features in mining markets were few and far between. South African Golds were barely changed in quiet trading ahead of the final batch of September quarterly profits—those of the Anglo American Corporation mines—and dividend declarations from the Anglo group's Orange Free State mines.

The bullion price moved narrowly prior to closing $2 up at $432 an ounce. Price changes were minimal in both heavyweights and cheaper-priced issues as mirrored by the Gold Mines index, which eased a mere 0.2 to 385.7.

South African Financials were similarly subdued. Transvaal Consolidated Land closed unaltered at £26 following the increased earnings and final dividend.

London Financials weakened in line with the UK equity market and ignored the good performance by base-metal prices on the London Metal Exchange. Rio Tinto-Zinc were under pressure all day and closed 10 lower at 463p.

Tanks moved against the trend and rose 5 to 455p, or 5p above the bid price from Societe Generale de Belgique, as London buying followed Press comment on the bid situation.

Australians were quietly mixed with a few exceptions, notably Ashton Mining, which advanced 6 more to 100p—a two-day gain of 14—following continued bid rumours, and Northern Mining, which touched 180p before closing a net 5 firmer at 175p.

MIM Holdings were persistently sold and dropped 5 to 208p—on Tuesday the company announced a first-quarter loss of A$1.14m compared with a profit of A$32.36m in the same period [illegible] last year. Pacific, up 6 on Wednesday, touched [illegible] before [illegible].

Favourable Press comment encouraged a good two-way trade while Southern Pacific gained [illegible] in the Rundle "twins", Central [illegible] for a two-day rise of 5 to 25p.

## FINANCIAL TIMES STOCK INDICES

| | Oct. 22 | Oct. 21 | Oct. 20 | Oct. 19 | Oct. 16 | Oct. 15 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 60.44 | 61.07 | 61.36 | [illegible] | [illegible] | [illegible] | [illegible] |
| Fixed Interest | 62.32 | 62.63 | 62.68 | [illegible] | [illegible] | [illegible] | [illegible] |
| Industrial Ord. | 467.3 | 476.5 | 475.2 | [illegible] | [illegible] | [illegible] | [illegible] |
| Gold Mines | 385.7 | 385.9 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ord. Div. Yield | 5.37 | 5.85 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Earnings, Yld. % (full) | 10.86 | 10.61 | 10.67 | [illegible] | [illegible] | [illegible] | [illegible] |
| P/E Ratio (net) (*) | 11.63 | 12.10 | 12.02 | [illegible] | [illegible] | [illegible] | [illegible] |
| Total bargains | 14,387 | 15,277 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Equity turnover £m. | — | 56.67 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Equity bargains | — | 8,671 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

10 am 478.2. 11 am 473.9. Noon 471.4. 1 pm 470.5. 2 pm 471.3. 3 pm 470.3.
Latest Index 01-246 8026.
*Nil=10.51.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

## HIGHS AND LOWS / S.E. ACTIVITY

| | 1981 High | 1981 Low | Since Compilat'n High | Since Compilat'n Low | | Oct. 22 | Oct. 21 |
|---|---|---|---|---|---|---|---|
| Govt. Secs. | 70.61 | 60.44 | 127.4 | 49.18 | Daily Gilt Edged Bargains | [illegible] | [illegible] |
| Fixed Int. | 72.01 | 61.94 | 150.4 | 50.53 | Equities Bargains Value | [illegible] | [illegible] |
| Ind. Ord. | 597.3 | 446.0 | 597.3 | 49.4 | 5-day Avrge. Gilt Edged Bargains | [illegible] | [illegible] |
| Gold Mines | 429.0 | 362.6 | 558.9 | 43.5 | Equities Bargains Value | [illegible] | [illegible] |

## NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

### NEW HIGHS (10)

BEERS (1)
Bulmer (H. P.)
STORES (1)
Tern-Consulate
ENGINEERING (1)
Danks Gowerton
INDUSTRIALS (1)
Nu-Swift
LEISURE (3)
Anglia TV "A" — Saga Holidays
LWT "A"
MOTORS (1)
Caffyns
SOUTH AFRICANS (1)
OK Bazaars
MINES (1)
Tanks Con.

### NEW LOWS (54)

BRITISH FUNDS (18)
Treas. 15pc 1985 — Treas. 9pc 1994
Exch. 12pc Cnv. '85 — Treas. 12¾pc 1995
Treas. 11½pc 1985 — Exch. 13¼pc 1996
Exch. 12¼pc 1985 — Exch. 15pc 1997 (£25 pd.)
Exch. 11¼pc 1986 — Exch. 12pc 1998
Treas. 12pc 1986 — Treas. 10½pc 1999
Treas. 8¼pc '84-86 — Treas. 14pc '98-01
Exch. 13¼pc 1987 — Treas. 12½pc '03-05
Treas. 12pc 1987
Treas. 13¾pc 1993
INT. BANK & OVERSEAS GOVT. STERLING ISSUES
Sweden 13¼pc 1986
CORPORATION LOANS (5)
Bath 11¼pc 1985 — LCC 5¼pc 1982-84
Birm'ham 12¼pc '85 — LCC 6¼pc 1988-90
Lon. Corp. 9¼pc 1984-85
BANKS (1)
Credit France
BEERS (2)
Distillers — Invergordon
BUILDINGS (3)
Brown & Jackson — UBM
May & Hassell
STORES (4)
Goldberg (A.) — Stanley (A. G.)
Mothercare — Time Products
ENGINEERING (3)
Linread — Williams (W.)
Wellman Eng.
INDUSTRIALS (5)
Cont. Stationery — Standard Ind.
Redfearn Glass — UKO Ind.
Rexmore
MOTORS (1)
Dellsight
PAPER (1)
DRG
TRUSTS (7)
Family Inv. Trust — London Merchant
Law Debenture — Do. Dfd.
London & Provincial — Do. 7¼pc Cnv. Uns. 2000-05
Hampton Trust
MINES (3)
Pacific Copper — Kamunting
Pancontinental

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 2 | 83 | 6 |
| Corpns. Dom. & Foreign Bonds | 1 | 35 | 34 |
| Industrials | 186 | 266 | 917 |
| Financial & Props. | 50 | 125 | 332 |
| Oils | 19 | 36 | 48 |
| Plantations | 1 | 6 | 16 |
| Mines | 48 | 40 | 79 |
| Others | 44 | 57 | 84 |
| Totals | 351 | 648 | 1,516 |

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price pence | Day's change | Stock | Closing price pence | Day's change |
|---|---|---|---|---|---|
| Ashton Mining | 100 | + 6 | Lucas Industries | 190 | − 7 |
| British Home Stores | 113 | − 3 | Nu-Swift | 34 | + 4½ |
| BP | 292 | −12 | Racal Electronic | 385 | −15 |
| Distillers | 164 | −10 | Royal Bk of Scot | 150 | + 4 |
| Grand Metropolitan | 155 | − 3 | Shell Transport | 352 | − 6 |
| Hoover A | 92 | + 6 | Tanks Consolidated | 455 | + 5 |

## WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of price changes | Wednesday's closing price pence | Day's change | Stock | No. of price changes | Wednesday's closing price pence | Day's change |
|---|---|---|---|---|---|---|---|
| GEC | 14 | 689 | + 1 | Imp Cont Gas | 11 | 180 | +12 |
| RTZ | 14 | 473 | − 2 | ICI | 9 | 260 | + 2 |
| Cns Gold Flds | 12 | 500 | +10 | Marks & Spen | 9 | 111 | − 1 |
| Hawker Sidly | 12 | 290 | +20 | Shell Trans | 9 | 358 | + 8 |
| Brit Home Strs | 11 | 116 | + 1 | BTR | 8 | 318 | − 2 |
| BP | 11 | 304 | + 4 | Euro Ferries | 8 | 69½ | − 1½ |
| | | | | Howden 'A' | 8 | 142 | + 1 |
| | | | | Midland Bk | 8 | 308 | − 2 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Oct 19 | Oct 30 | Jan 21 | Feb 1 |
| Nov 2 | Nov 13 | Feb 11 | Feb 22 |
| Nov 16 | Nov 27 | Feb 25 | Mar 8 |

*For rate indications see end of Share Information Service*

Stocks favoured for the call included FNFC, Tozer Kemsley and Millbourn, Dixons Photographic, Southern Pacific Petroleum, Lasmo, Charterhall, ICL, May and Hassell, RHM, Royal Bank of Scotland, House of Fraser, Keith Collins Petroleum and Fitch Lovell. Puts were done in London and Northern, KCA International, Land Securities, Burmah and Keith Collins Petroleum. Double options were arranged in FNFC and Lucas.

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

| | | Thurs., Oct. 22, 1981 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Wed. Oct. 21 Index No. | Tues. Oct. 20 Index No. | Mon. Oct. 19 Index No. | Fri. Oct. 16 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (210) | 311.28 | −1.2 | 11.28 | 5.07 | 10.96 | 314.99 | 313.77 | 309.16 | 309.42 | 293.59 |
| 2 | Building Materials (25) | 269.19 | −1.2 | 16.68 | 6.39 | 6.83 | 272.41 | 272.72 | 269.73 | 271.31 | 252.24 |
| 3 | Contracting, Construction (28) | 489.66 | +0.2 | 19.27 | 5.62 | 6.03 | 488.65 | 486.59 | 482.86 | 482.87 | 427.24 |
| 4 | Electricals (30) | 1045.01 | −1.7 | 8.73 | 2.75 | 14.30 | 1063.45 | 1061.49 | 1041.87 | 1043.86 | 946.18 |
| 5 | Engineering Contractors (9) | 432.45 | −0.1 | 14.98 | 6.36 | 7.87 | 432.95 | 429.49 | 426.27 | 429.22 | 357.29 |
| 6 | Mechanical Engineering (66) | 173.74 | −0.5 | 12.76 | 6.31 | 10.18 | 174.59 | 171.97 | 169.22 | 168.82 | 180.93 |
| 8 | Metals and Metal Forming (13) | 149.01 | −1.1 | 9.67 | 7.94 | 14.01 | 150.60 | 150.10 | 148.13 | 146.62 | 153.75 |
| 9 | Motors (21) | 86.46 | −1.6 | — | 7.80 | — | 87.86 | 86.93 | 84.77 | 84.95 | 95.81 |
| 10 | Other Industrial Materials (18) | 326.77 | −1.3 | 10.10 | 6.92 | 12.05 | 331.23 | 332.05 | 329.30 | 329.28 | 0.00 |
| 21 | CONSUMER GROUP (197) | 245.11 | −1.1 | 14.32 | 6.64 | 8.61 | 247.73 | 248.21 | 244.51 | 244.98 | 243.47 |
| 22 | Brewers and Distillers (20) | 248.75 | −2.1 | 18.03 | 7.77 | 6.68 | 254.13 | 255.44 | 252.35 | 253.05 | 277.79 |
| 25 | Food Manufacturing (21) | 240.86 | −0.4 | 16.59 | 7.00 | 7.27 | 241.92 | 242.43 | 241.00 | 242.22 | 217.84 |
| 26 | Food Retailing (15) | 489.60 | −1.9 | 10.01 | 3.70 | 12.10 | 499.04 | 500.98 | 493.85 | 500.73 | 400.32 |
| 27 | Health and Household Products (7) | 311.73 | −1.3 | 9.51 | 4.91 | 12.48 | 315.77 | 316.43 | 312.01 | 308.15 | 228.15 |
| 29 | Leisure (24) | 392.26 | −0.9 | 10.36 | 5.61 | 11.96 | 395.64 | 394.30 | 387.12 | 387.08 | 353.43 |
| 32 | Newspapers, Publishing (12) | 437.59 | +0.7 | 14.44 | 6.89 | 9.92 | 434.72 | 434.72 | 430.83 | 431.21 | 442.63 |
| 33 | Packaging and Paper (13) | 122.09 | −1.8 | 15.29 | 8.72 | 7.96 | 124.34 | 124.00 | 122.40 | 121.82 | 125.83 |
| 34 | Stores (45) | 215.88 | −0.2 | 13.48 | 6.23 | 9.91 | 216.27 | 217.01 | 212.96 | 214.32 | 250.18 |
| 35 | Textiles (23) | 139.62 | +0.4 | 9.08 | 6.58 | 15.32 | 139.02 | 140.22 | 137.81 | 137.25 | 128.94 |
| 36 | Tobaccos (3) | 245.54 | −2.7 | 23.16 | 10.60 | 4.97 | 252.28 | 250.90 | 243.78 | 242.70 | 221.80 |
| 39 | Other Consumer (14) | 247.55 | +0.4 | 9.14 | 7.01 | 16.71 | 246.63 | 246.76 | 247.23 | 246.46 | 0.00 |
| 41 | OTHER GROUPS (80) | 203.76 | −0.8 | 12.12 | 6.94 | 10.57 | 205.39 | 204.38 | 202.80 | 202.40 | 221.53 |
| 42 | Chemicals (16) | 261.69 | −1.8 | 6.09 | 6.86 | 27.55 | 266.41 | 264.75 | 262.96 | 262.10 | 308.13 |
| 44 | Office Equipment (5) | 95.87 | −0.1 | 17.81 | 8.92 | 6.75 | 95.99 | 95.79 | 95.60 | 95.17 | 107.17 |
| 45 | Shipping and Transport (13) | 452.41 | −0.2 | 23.43 | 8.10 | 5.08 | 453.49 | 456.33 | 450.48 | 449.17 | 575.96 |
| 46 | Miscellaneous (46) | 267.88 | — | 13.96 | 6.22 | 8.66 | 267.82 | 265.76 | 263.52 | 263.64 | 282.50 |
| 49 | INDUSTRIAL GROUP (487) | 261.92 | −1.1 | 12.89 | 6.08 | 9.62 | 264.76 | 264.45 | 260.76 | 261.04 | 258.71 |
| 51 | Oils (13) | 678.10 | −3.0 | 21.00 | 8.32 | 5.39 | 699.31 | 687.50 | 653.82 | 654.62 | 980.86 |
| 59 | 500 SHARE INDEX | 295.65 | −1.4 | 14.38 | 6.49 | 8.41 | 299.97 | 298.74 | 292.63 | 292.95 | 315.76 |
| 61 | FINANCIAL GROUP (119) | 237.56 | −0.6 | — | 6.40 | — | 238.96 | 239.27 | 236.66 | 236.48 | 253.81 |
| 62 | Banks (6) | 250.59 | −1.1 | 35.63 | 7.51 | 3.30 | 253.36 | 253.82 | 249.41 | 249.39 | 258.09 |
| 63 | Discount Houses (10) | 241.24 | −1.4 | — | 9.40 | — | 244.55 | 246.71 | 249.87 | 251.67 | 302.83 |
| 64 | Hire Purchase (3) | 211.70 | −0.7 | 14.70 | 8.73 | 9.42 | 213.19 | 213.19 | 214.83 | 214.83 | 235.46 |
| 65 | Insurance (Life) (10) | 243.79 | — | — | 6.54 | — | 243.86 | 243.87 | 241.09 | 240.44 | 268.83 |
| 66 | Insurance (Composite) (10) | 156.12 | +0.1 | — | 8.58 | — | 156.04 | 156.69 | 156.09 | 154.68 | 172.65 |
| 67 | Insurance Brokers (8) | 405.80 | +0.3 | 11.38 | 5.94 | 11.95 | 404.47 | 401.65 | 394.29 | 392.98 | 340.60 |
| 68 | Merchant Banks (13) | 139.42 | −0.5 | — | 5.77 | — | 140.08 | 139.44 | 139.02 | 140.40 | 158.35 |
| 69 | Property (50) | 415.31 | −1.1 | 4.67 | 3.43 | 28.98 | 419.73 | 421.13 | 416.31 | 417.74 | 463.48 |
| 70 | Miscellaneous (9) | 163.47 | −0.7 | 19.84 | 6.77 | 6.12 | 164.61 | 163.61 | 161.81 | 162.36 | 160.75 |
| 71 | Investment Trusts (110) | 270.90 | −0.4 | — | 5.91 | — | 271.95 | 271.81 | 268.52 | 269.22 | 289.04 |
| 81 | Mining Finance (4) | 239.60 | −1.2 | 14.38 | 5.91 | 8.37 | 242.40 | 240.18 | 236.86 | 241.71 | 267.59 |
| 91 | Overseas Traders (17) | 388.29 | −1.7 | 14.22 | 8.26 | 8.57 | 394.88 | 395.76 | 396.29 | 396.85 | 458.65 |
| 99 | ALL-SHARE INDEX (750) | 284.11 | −1.2 | — | 6.45 | — | 287.61 | 286.73 | 281.75 | 282.12 | 304.53 |

### FIXED INTEREST

| | PRICE INDICES | Thurs. Oct. 22 | Day's change % | Wed. Oct. 21 | xd adj. today | xd adj. 1981 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 103.37 | −0.27 | 103.65 | — | 9.10 |
| 2 | 5-15 years | 96.64 | −0.92 | 97.54 | — | 11.03 |
| 3 | Over 15 years | 97.84 | −0.94 | 98.77 | — | 12.32 |
| 4 | Irredeemables | 106.79 | −1.33 | 108.23 | — | 9.85 |
| 5 | All Stocks | 98.96 | −0.71 | 99.66 | — | 10.71 |
| 6 | Debentures & Loans | 77.11 | −1.61 | 77.89 | — | 8.88 |
| 7 | Preference | 58.78 | −0.11 | 58.64 | — | 6.34 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thurs. Oct. 22 | Wed. Oct. 21 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 13.93 | 13.76 | 11.51 |
| 2 | Coupons | 15 years | 14.42 | 14.27 | 11.58 |
| 3 | | 25 years | 14.47 | 14.30 | 11.50 |
| 4 | Medium | 5 years | 16.65 | 16.47 | 12.99 |
| 5 | Coupons | 15 years | 16.34 | 16.16 | 13.08 |
| 6 | | 25 years | 15.75 | 15.59 | 12.84 |
| 7 | High | 5 years | 16.46 | 16.26 | 13.09 |
| 8 | Coupons | 15 years | 16.51 | 16.34 | 13.33 |
| 9 | | 25 years | 15.95 | 15.80 | 13.03 |
| 10 | Irredeemables† | | 14.18 | 13.98 | 11.03 |
| 11 | Debs & Loans | 5 years | 16.94 | 16.68 | 13.86 |
| 12 | | 15 years | 16.91 | 16.73 | 13.74 |
| 13 | | 25 years | 16.88 | 16.73 | 13.62 |
| 14 | Preference† | | 16.78 | 16.75 | 14.49 |

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

## RECENT ISSUES

### EQUITIES

| Issue price p | Amount paid up | Latest Renunc. Date | 1981 High | 1981 Low | Stock | Closing price p | + or − | Div. p. or amount | Times covered | Gross yield | P.E. ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §110 | F.P. | 13/11 | 133 | 120 | Habitat | 128 | +2 | u3.6 | 1.4 | 4.0 | 24.0 |
| 62 | F.P. | 2/10 | 56½ | 43 | Jeavons Eng. | 44 | −1 | b3.75 | 1.7 | 12.5 | 5.6 |
| 63 | F.P. | — | 71 | 69 | ☆Johnstones P'nt 10p | 70 | ...... | b3.63 | 2.5 | 7.2 | 7.5 |
| 28 | F.P. | 30/10 | 30 | 24 | ☆Lon. Private Health | 27 | ...... | — | — | — | — |
| — | F.P. | — | 180 | 136 | Nippon Electric | 158 | +2 | Q525% | 2.9 | 1.0 | 54.9 |
| 100 | F.P. | 26/10 | 105 | 94 | Precious Metals Tst. | 102 | −1 | — | — | — | — |
| — | F.P. | 16/10 | 182 | 155 | ☆UtdFrdl'yins.B.R.V. | 182 | +5 | th6.25 | — | 5.0 | — |
| §15 | F.P. | 25/9 | 17½ | 7 | ☆Willaire Systems 10p | 10 | ...... | — | — | — | — |
| ¶¶ | F.P. | 11/9 | 15 | 6 | Do. Rest. Div. 10p | 6 | ...... | — | — | — | — |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1981 High | 1981 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| ‖ | Nil | 26/10 | 1pm | 1pm | Austin (F.) Leyton 11½% Cnv. Red 1994 | 1pm | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Brooke Bond Leibig 9¼% Deb. '87-92 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | E. Worcs Waterworks 10½% Rd. Prf. '86 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Hawley Leisure 12½% Cnv. Pref. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Nat'wide Bdg Society 14¼% (4.12.82) | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Do. 16½% Bds (27/10/82) | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Nova Scotia (Province of) 6½% Ln 2011 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Portsmouth 10% Pref. 1986 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Sterling Credit Warrants | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Tendering Card Water 10% Red. Prf. '86 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Utd. Mexican States 16¼% Ln. 2008 | [illegible] | [illegible] |

### "RIGHTS" OFFERS

| Issue price p | Amount paid up | Latest Renunc. date | 1981 High | 1981 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|
| 14 | Nil | 30/10 20/11 | 6pm | 3pm | Brit. Benzol | 6pm | |
| 275 | 125p | 15/7 2/12 | 182 | 104 | BP | 144 | −14 |
| 16 | F.P. | 23/10 27/11 | 191 | 69 | Brown (J.) | 73 | |
| 182 | F.P. | 23/10 27/11 | 182 | 182 | Foseco Minsep | 182 | |
| 90 | F.P. | 21/10 26/11 | 105 | 90 | Heelamat | 105 | |
| 250 | F.P. | 22/10 19/11 | 283 | 252 | Viner's United | 283 | |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ☆ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 50 Ordinary of 1p and £1 of 10 per cent Loan 1986.

## OFFSHORE & OVERSEAS-contd.

**Capital International Fund S.A.**
43 Boulevard Royal, Luxembourg
Capital Int. Fund | US$25.75 | ..... | —

**Central Assets Management Ltd.**
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets | £200.79 200.84 | +0.01 | —

**Charterhouse Japhet**
1 Paternoster Row, EC4 01-248 3999
Emperor Fund* | $7.26 7.62 | ..... | —
Hispano | $43.09 45.29 | ..... | 6.34
*Prices at Sept. 30. Next sub. day Nov. 1.

**Chawton Commodities (Isle of Man) Ltd.**
29, Athol Street, Douglas, I.o.M. 0624 21724
Normandy Metal Trust | 1.3770 1.4494 | −0.036 | 4.00
Normandy Com. Tst. | 1.3888 1.4619 | +0.065 | [illegible]
For Clive Investments (Jersey) see Invicta Investment Management

**Cornhill Ins. (Guernsey) Ltd.**
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 228.0 248.0 | ..... | —

**Cortexa International**
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | US$91.08 | — | +0.89 | —

**Craigmount Fixed Int. Mngrs. (Jersey)**
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | 86.1 86.2 | ..... | 15.66
Valued weekly Wednesday.

**DWS Deutsche Ges. F. Wertpapiersp**
Grueneburgweg 113, 6000 Frankfurt
Investa | DM32.57 34.20 | ..... | —

**Delta Group**
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Oct. 16 | $3.64 3.82 | ..... | —
London Agents: Kleinwort Benson. Tel: 01-623 8000

**Deutscher Investment-Trust**
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra | DM16.95 17.37 | +0.03 | —
Int. Rentenfonds | DM59.43 60.92 | ..... | —

**Dreyfus Intercontinental Inv. Fd.**
P.O. Box N3712, Nassau, Bahamas.
NAV Oct 20 | US$29.57 31.46 | −0.56 | —

**Duncan Lawrie Inv. Mgt. (Jersey)**
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling | 38.3 40.2 | ..... | 6.40
DL International | $1.16 1.23 | ..... | 5.70

**Emson & Dudley Tst. Mgt. Jrsy. Ltd.**
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. | 130.7 143.3 | ..... | —

**The English Association**
4 Fore Street, EC2 01-588 7081
E.A. Income Fd.* | 61.7 65.7 | ..... | 7.61
E.A. Sterling* | £70.93 70.96 | ..... | —
E.A. Equity* | £59.92 63.75 | ..... | 1.96
Wardgate Cm. Fd.** | £16.26 16.97 | ..... | 2.96
*Next dealing October 28. **Next dealing October 30.

**Eurobond Holdings N.V.**
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. | US$20.67 21.31 | ..... | 9.59

**S.G. Europe Obligations S.A.**
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse., London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations | US$44.33 | −0.30 | 1.85

**Eurotax Investments Ltd.**
1, Athol St., Douglas, Isle of Man.
UK Agents FIS, St. Albans. 0727 33166
Eurotax Inv. Fund | 95.00 100.00 | ..... | —

**F & C Mgmt. Ltd. Inv. Advisers**
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA. | US$10.19 | ..... | 0.48
F. & C. Oriental Fd. | US$20.91 | ..... | 1.47
Prices October 14. Weekly dealings.

**Fidelity International Ltd.**
P.O. Box 670, Hamilton, Bermuda

[illegible]

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# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED

**Lloyd's Life Unit Tst. Mngrs. Ltd.**
2, St. Mary Axe, EC3A 8BP. 01-623 6114

| | | | | |
|---|---|---|---|---|
| Equity Accum. (2) | 247.1 | 260.1 | ..... | 4.16 |

**Local Authorities' Mutual Invest. Tst.***
77, London Wall, EC2N 1DB. 01-588 1815

| | | | | |
|---|---|---|---|---|
| Property Fd. Sept. 30 | 154.35 | | ..... | 6.74 |
| Wider Fund Sept. 30 | 254.35 | | ..... | 5.45 |
| Narrower Fd. Sept. 30 | 69.25 | | ..... | 14.74 |

*Unauthorised. Available only to Local Authorities.

**M & G Group (y)(c)(z)**
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

| | | | | |
|---|---|---|---|---|
| American | 74.1 | 79.3 | +0.2 | 2.34 |
| (Accum. Units) | 80.2 | 85.8 | +0.3 | 2.34 |
| American Recovery | 80.6 | 86.2 | +0.6 | 1.47 |
| (Accum. Units) | 83.2 | 89.0 | +0.6 | 1.47 |
| Australasian | 88.3 | 94.5 | +0.6 | 1.54 |
| (Accum. Units) | 92.8 | 99.3 | +0.6 | 1.54 |
| Commodity | 125.6 | 134.4 | +0.4 | 3.31 |
| (Accum. Units) | 149.2 | 159.6 | +0.4 | 3.31 |
| Compound Growth | 172.1 | 186.7 | +0.6 | 3.62 |
| Conversion Growth | 115.0 | 123.0 | +1.1 | 2.83 |
| Conversion Income | 72.1 | 77.1 | +0.2 | 9.38 |
| Dividend | 124.4 | 133.1 | +0.9 | 10.16 |
| (Accum. Units) | 284.5 | 304.4 | +2.0 | 10.16 |
| European | 59.8 | 64.0 | −0.2 | 4.19 |
| (Accum. Units) | 66.5 | 71.2 | −0.3 | 4.19 |
| Extra Yield | 76.8 | 83.3xd | +0.3 | 10.33 |
| (Accum. Units) | 129.4 | 140.4 | +0.6 | 10.33 |
| Far Eastern | 106.4 | 114.9 | −0.5 | 1.60 |
| (Accum. Units) | 122.5 | 132.3 | −0.5 | 1.60 |
| Fund of Inv. Tsts. | 86.8 | 94.6 | +0.7 | 5.09 |
| (Accum. Units) | 118.4 | 129.1 | +1.0 | 5.09 |
| General | 219.5 | 236.0 | +1.3 | 6.42 |
| (Accum. Units) | 387.7 | 416.8 | +2.4 | 6.42 |
| Gilt Income | 42.6 | 44.7 | −0.3 | 13.15 |
| (Accum. Units) | 45.1 | 47.4 | −0.3 | 13.15 |
| High Income | 104.8 | 112.1 | +0.5 | 9.82 |
| (Accum. Units) | 216.1 | 231.2 | +1.1 | 9.82 |
| Japan | 178.2 | 190.7 | −1.0 | 0.82 |
| (Accum. Units) | 187.6 | 200.7 | −1.0 | 0.82 |
| Magnum | 319.0 | 341.3 | +3.3 | 5.48 |
| (Accum. Units) | 449.1 | 480.5 | +4.7 | 5.48 |
| Midland | 156.1 | 167.0 | +0.3 | 9.14 |
| (Accum. Units) | 308.2 | 329.8 | +0.6 | 9.14 |
| Recovery | 114.9 | 122.9 | +0.2 | 5.19 |
| (Accum. Units) | 130.5 | 139.6 | +0.2 | 5.19 |
| Second General | 239.4 | 257.4 | +1.1 | 5.63 |
| (Accum. Units) | 405.8 | 436.2 | +1.7 | 5.63 |
| Smaller Companies | 254.5 | 272.3 | +1.3 | 4.65 |
| (Accum. Units) | 353.3 | 378.0 | +1.8 | 4.65 |
| **Specialised Funds** | | | | |
| Trustee | 159.6 | 172.4 | +0.7 | 7.66 |
| (Accum. Units) | 372.3 | 402.1 | +1.7 | 7.66 |
| Charibond Oct. 20 | 87.1 | | ..... | 14.91 |
| Charifund Oct. 20 | 153.3 | 155.6 | ..... | 9.76 |
| Pension Ex. Oct. 19 | 172.7 | 182.2 | ..... | 7.23 |

**ManuLife Management Ltd.**
St. George's Way, Stevenage. 0438 56101

| | | | | |
|---|---|---|---|---|
| Gilt&Fxd Int. | 50.3 | 51.3 | ..... | 5.44 |
| Growth Units | 76.7 | 80.7 | ..... | 4.98 |

**Mayflower Management Co. Ltd.**
14-18, Gresham St., EC2V 7AU. 01-606 8099

| | | | | |
|---|---|---|---|---|
| Income Oct. 19 | 99.4 | 104.6 | ..... | 9.79 |
| General Oct. 19 | 72.4 | 76.2 | ..... | 5.25 |
| Intl. Oct. 19 | 60.8 | 63.9 | ..... | 3.50 |

**McAnally Fund Management Ltd.**
Regis Hse., King William St., EC4. 01-623 4951

| | | | | |
|---|---|---|---|---|
| Delphi Inc. Tst. Acc. | 34.5 | 38.4 | ..... | 8.82 |
| Delphi Inc. Tst. Inc. | 24.7 | 27.5 | ..... | 8.82 |
| Glen Fund Acc. | 100.4 | 107.9 | ..... | |
| Glen Fund Inc. | 69.4 | 74.6 | ..... | |

**Mercury Fund Managers Ltd.**
30, Gresham St., EC2P 2EB. 01-600 4555

| | | | | |
|---|---|---|---|---|
| Gen. Dist. | 75.1 | 79.8 | −0.3 | 4.93 |
| Gen. Acc. | 110.0 | 117.0 | −0.5 | 4.93 |
| Inc. Rec. | 43.6 | 46.3xd | −0.1 | 7.96 |
| Intl. Dist. | 94.6 | 100.6 | −0.7 | 2.65 |
| Intl. Acc. | 109.8 | 116.8 | −0.9 | 2.65 |
| Ext. Dist. Oct. 21 | 79.1 | 82.4 | ..... | 4.43 |
| Ext. Acc. Oct. 21 | 107.7 | 112.2 | ..... | 4.43 |
| Gilt Fund | 51.4 | 57.9 | ..... | — |

**Midland Bank Group**
**Unit Trust Managers Ltd.**
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

**Schroder Unit Trust Managers Ltd.**
48, St. Martins Lane, WC2. Dealings 0705 27733

| | | | | |
|---|---|---|---|---|
| Capital | 172.3 | 185.2 | +1.1 | 2.58 |
| (Accum. Units) | 223.1 | 239.8 | +1.4 | 2.58 |
| Income Fnd. | 216.3 | 232.5 | +0.3 | 8.31 |
| (Accum. Units) | 381.7 | 410.4 | +0.6 | 8.31 |
| Gen | 128.2 | 137.8 | +0.2 | 4.41 |
| (Accum. Units) | 176.3 | 189.5 | +0.3 | 4.41 |
| Europe | 22.4 | 24.0xd | −0.5 | 2.92 |
| (Accum. Units) | 27.1 | 29.1 | −0.4 | 2.92 |
| Smaller Co.'s | 146.0 | 154.9 | +0.2 | 2.66 |
| American | 57.1 | 61.3 | +0.7 | 0.67 |
| (Accum. Units) | 57.1 | 61.3 | +0.7 | 0.67 |
| Tokyo | 53.7 | 57.7 | +1.3 | 0.19 |
| (Accum. Units) | 53.7 | 57.7 | +1.3 | 0.19 |
| Gilt & Fixed | 42.0 | 44.2 | −0.1 | 13.14 |
| (Accum. Units) | 44.2 | 46.5 | −0.1 | 13.14 |
| Australian | 50.8 | 55.2 | +0.6 | 3.73 |
| (Accum. Units) | 51.2 | 55.6 | +0.5 | 3.73 |
| Singapore & Malay | — | — | ..... | — |
| (Accum. Units) | — | — | ..... | — |
| *Ph.&C. Fd. Sept. 22 | 241.4 | 259.5 | ..... | 4.72 |
| *Recovery Oct. 13 | 287.8 | 309.4 | ..... | 4.433 |
| *Spec. Ex. Oct. 13 | 448.7 | 482.4 | ..... | 2.38 |
| Euro. Except. Oct. 8 | 110.0 | 119.3 | ..... | 3.03 |

*For tax exempt funds only.

**Scottish Amicable Inv. Mngrs. Ltd.**
150 St. Vincent St., Glasgow 041-221 8844

| | | | | |
|---|---|---|---|---|
| Equity Trust Accum. | 94.8 | 102.3 | ..... | 5.90 |

**Scottish Equitable Fund Mgrs. Ltd.**
28 St. Andrews Sq. Edinburgh 031-556 9101

| | | | | |
|---|---|---|---|---|
| Income Units | 59.3 | 63.1 | ..... | 5.44 |
| Accum. Units | 78.3 | 83.3 | ..... | 5.44 |

Dealing day Wednesday.

For Sebag see Carr, Sebag Unit Trust Managers.

For Security Selection see McAnally Fund Management.

**Scottish Widows' Fund Management**
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

| | | | | |
|---|---|---|---|---|
| Pegasus Tst. Oct 22. | 83.1 | 89.3 | +0.3 | — |

**SIMCO Money Funds**
66, Cannon Street, EC4N 6AE 01-236 1425

| | | | | |
|---|---|---|---|---|
| SIMCO Call Fund† | 100.0 | — | ..... | 15.51 |
| SIMCO 7-Day Fund† | 100.0 | — | ..... | 15.42 |
| SIMCO $ Fd. (7 day)† | US$100.00 | — | ..... | 14.95 |

†Unauthorised—Cash Deposit Funds.

**Stewart Unit Tst. Managers Ltd.(a)**
45, Charlotte Sq., Edinburgh. 031-226 3271

| | | | | |
|---|---|---|---|---|
| †American Fund | 101.3 | 107.5 | +2.2 | 1.94 |
| Accum. Units | 110.5 | 117.7 | +2.4 | — |
| Withdrawal Units | 82.7 | 87.9 | +1.8 | — |
| *British Capital | 189.6 | 202.9 | ..... | 6.52 |
| Accum. Units | 222.2 | 237.8 | ..... | — |
| **European Fund | 84.2 | 90.4 | ..... | 2.04 |

Deal. †Tues. & Fri. *Wed. **Mon. & Thur.

**Sun Alliance Insurance Group.**
Sun Alliance Hse., Horsham. 0403 64141

| | | | | |
|---|---|---|---|---|
| Ex. Eq. Oct. 14 | £321.60 | 338.60 | ..... | 4.86 |
| The Family Fund | 131.1 | 139.4 | −0.2 | 4.89 |

**Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)**
9-12 Cheapside, London, EC2V 6AL 01-236 3841

| | | | | |
|---|---|---|---|---|
| Equity Dist.* | £108.46 | 114.77 | ..... | 6.04 |
| Equity Acc.* | £112.39 | 118.93 | ..... | 6.04 |
| Fixed Int. Dist.† | £88.47 | 91.67 | ..... | 15.17 |
| Fixed Int. Acc.† | £89.76 | 93.01 | ..... | 15.17 |

*Prices at Oct. 14. Next dealing Nov. 11
†Prices at Oct. 7. Next dealing Nov. 4

**Target Tst. Mngrs. Ltd. (a) (g)**
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621/2

| | | | | |
|---|---|---|---|---|
| Commodity | 66.4 | 71.4 | −0.1 | 2.67 |
| Energy | 45.1 | 48.5 | ..... | 1.49 |
| Financial | 93.5 | 100.5xd | +1.5 | 4.60 |
| Gilt Capital | 123.7 | 129.5 | −1.0 | 3.25 |
| Gilt Income | 79.9 | 83.7 | −0.8 | 13.57 |
| Investment Trust | 48.2 | 51.9 | ..... | 3.92 |
| Special Situations | 35.6 | 38.3 | +0.1 | 1.49 |
| American Eagle | 41.9 | 45.0 | −0.2 | 1.50 |
| U.S. Spcl. Bond Fd. | 23.3 | 25.0 | ..... | 7.00 |
| Malaysia & Sngpre | 18.9 | 20.3 | +0.2 | 1.57 |
| Pacific Income | 40.7 | 43.8 | −0.2 | 1.59 |
| Pacific Re Inv | 47.7 | 51.3 | −0.2 | 1.59 |
| Income | 24.5 | 26.3xd | ..... | 9.62 |
| Extra Income | 48.5 | 52.1 | ..... | 12.56 |
| Preference Share | 11.1 | 12.1xd | ..... | 14.11 |

## INSURANCE & PROPERTY

**Cannon Assurance Ltd.**
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

| | | | | |
|---|---|---|---|---|
| Equity Units | | £25.17 | +0.14 | — |
| Property Units | | £14.86 | | — |
| Equity Bond/Exec | £16.81 | 17.79 | +0.09 | — |
| Prop. Bond/Exec | £19.46 | 20.59 | ..... | — |
| Bal. Bd./Exec/Unit | £17.40 | 18.41 | ..... | — |
| Deposit Bond | 144.7 | 153.1 | ..... | — |
| Equity Accum. | | 304.0 | +1.9 | — |
| Property Accum. | | £20.98 | | — |
| Mngd. Accum. | | 243.1 | +0.2 | — |
| 2nd Equity | 132.7 | 140.4 | +0.7 | — |
| 2nd Property | 150.6 | 159.4 | ..... | — |
| 2nd Managed | 128.7 | 136.2 | ..... | — |
| 2nd Deposit | 126.3 | 133.7 | ..... | — |
| 2nd Gilt | 95.1 | 100.6 | −0.7 | — |
| 2nd American | 135.5 | 143.4 | +0.8 | — |
| 2nd Intl. Money | 121.2 | 128.3 | −0.5 | — |
| 2nd Eq. Pens./Acc. | 162.8 | 172.3 | +1.1 | — |
| 2nd Prp. Pens/Acc. | 177.1 | 187.4 | ..... | — |
| 2nd Mgd. Pens/Acc. | 150.3 | 159.0 | +0.1 | — |
| 2nd Dep. Pens/Acc. | 151.2 | 160.0 | ..... | — |
| 2nd Gilt Pens/Acc. | 113.2 | 119.8 | −0.7 | — |
| 2nd Am. Pens/Acc. | 161.0 | 170.4 | +1.1 | — |
| 2nd Int. MoneyPens/Acc | 133.4 | 141.2 | −0.7 | — |
| L & E S.I.F. | 53.0 | 56.5 | ..... | — |
| L & E S.I.F. 2 | 36.5 | 39.0 | ..... | — |

Current value Oct. 21

**Capital Life Assurance**
Coniston House, Chapel Ash W'ton. 0902 28511

| | | | |
|---|---|---|---|
| Key Invest. Fd. | 102.82 | ..... | — |
| Pacemaker Inv. Fd. | 82.75 | ..... | — |

**Charterhouse Magna Gp.**
Now known as Multiple Health and Life Assurance Co. Ltd.
Stephenson Hse., Brunel Centre, Bletchley, Milton Keynes. 0908 641272

| | | | |
|---|---|---|---|
| Chrthse Energy | 60.3 | ..... | — |
| Magna Bld. Soc. | 172.7 | ..... | — |
| Magna Managed | 169.5 | ..... | — |

**Chieftain Assurance Funds**
11 New Street, EC2M 4TP. 01-283 3933

| | | | | |
|---|---|---|---|---|
| Managed Growth | 188.19 | 198.10 | +1.66 | — |
| Managed Income | 78.59 | 82.73 | ..... | — |
| International (z) | 128.24 | 134.99 | +1.62 | — |
| High Income | 83.69 | 88.09 | ..... | — |
| Income & Growth | 80.20 | 84.43 | −0.37 | — |

**Hill Samuel Life Assur. Ltd.**
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

| | | | | |
|---|---|---|---|---|
| Security Fund | 92.0 | 96.8 | ..... | — |
| British Fund | 92.0 | 96.8 | ..... | — |
| International Fund | 108.5 | 114.3 | −0.4 | — |
| Dollar Fund | 110.4 | 116.3 | +0.6 | — |
| Capital Fund | 97.0 | 102.1 | ..... | — |
| Income Fund | 94.7 | 99.7 | ..... | — |
| Property Series A | 153.0 | 161.1 | ..... | — |
| Property Units | 250.1 | 262.7 | ..... | — |
| Financial Fund | 94.7 | 99.7 | ..... | — |
| Managed Series A | 121.3 | 127.7 | ..... | — |
| Managed Series C | 105.4 | 111.0 | ..... | — |
| Managed Units | 208.0 | 219.0 | ..... | — |
| High Yield Fund | 95.9 | 101.0 | ..... | — |
| Money Series A | 125.1 | 131.7 | ..... | — |
| Money Units | 156.9 | 165.2 | ..... | — |
| Equity Fund | 116.0 | 122.1 | ..... | — |
| Fixed Int. Fund | 109.1 | 114.9 | ..... | — |
| European Fund | 97.6 | 102.8 | −1.0 | — |
| Far East Fund | 124.6 | 131.2 | −0.2 | — |
| Spec. Sits Fund | 97.9 | 103.1 | ..... | — |
| **Pension Fund Prices** | | | | |
| Property Acc. | 148.5 | 156.3 | ..... | — |
| Property Cap. | 131.7 | 138.7 | ..... | — |
| Managed Acc. | 209.6 | 220.7 | ..... | — |
| Managed Cap. | 177.0 | 186.4 | ..... | — |
| Guaranteed Acc. | 164.2 | 172.9 | ..... | — |
| Guaranteed Cap. | 138.6 | 146.0 | ..... | — |
| Equity Acc. | 146.1 | 153.8 | ..... | — |
| Equity Cap. | 129.6 | 136.5 | ..... | — |
| Fixed Int. Acc. | 124.3 | 130.9 | ..... | — |
| Fixed Int. Cap. | 110.2 | 116.1 | ..... | — |
| Indexed Secs. Acc. | 88.9 | 93.6 | ..... | — |
| Indexed Secs. Cap. | 87.9 | 92.5 | ..... | — |

**Imperial Life Ass. Co. of Canada**
Imperial House, Guildford. 71255

| | | | | |
|---|---|---|---|---|
| Growth Fd. Oct. 16 | 102.5 | 111.5 | ..... | — |
| Pen. Man. Fd. Oct. 16 | 96.9 | 105.3 | ..... | — |
| **Unit Linked Portfolio** | | | | |
| Managed Fund | 118.0 | 124.2 | ..... | — |
| Fixed Int. Fd. | 110.6 | 116.4 | ..... | — |
| Secure Cap. Fd. | 123.6 | 130.1 | ..... | — |
| Equity Fund | 136.2 | 143.3 | ..... | — |
| Property Fund | 108.9 | 114.7 | ..... | — |

**Irish Life Assurance Co. Ltd.**
Basildon House, 7/11 Moorgate, EC2. 01-606 8401

| | | | | |
|---|---|---|---|---|
| Blue Chip Oct. 15 | 87.5 | 92.1 | ..... | — |
| Managed Fund | 288.4 | 303.6 | ..... | — |

## OFFSHORE & OVERSEAS

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH AND AFRICAN LOANS

[illegible]

## LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

## BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CHEMICALS, PLASTICS—Cont.

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]



هكذا من الأجل

هكذا من الأصل



## INDUSTRIALS—Continued

[illegible]

## INSURANCE

[illegible]

## INSURANCE—Continued

[illegible]

## LEISURE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—Continued

### Australian

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | 32 | Acmex 50c | 45 | ...... | Q2.5c | — | 3.5 |
| 41 | 14 | ACM 20c | 25 | +1 | — | — | — |
| 21 | 9 | Argosy Gold NL 25c | 11 | ...... | — | — | — |
| 229 | 134 | Bond Corp. | 142 | ...... | Q10c | 2.3 | 4.4 |
| 112 | 78 | Bougainville I Kina | 74 | −1 | ‡Q25.Ac | 1.0 | ‡ |
| 302 | 194 | CRA 50c | 198 | ...... | Q19c | 1.7 | 5.8 |
| 25 | 9 | Canada Northwest | 10 | +1 | — | — | — |
| 35 | 13 | Carr Boyd 20c | 15 | ...... | — | — | — |
| 415 | 43 | Central Pacific | 53 | ...... | — | — | — |
| 35 | 9 | Cons. Gold Min. N.L. 50c | 9 | ...... | — | — | — |
| 47 | 13 | Cultus Pacific N.L. | 17 | ...... | — | — | — |
| 68 | 22 | Eagle Corp. 10c | 30 | ...... | — | — | — |
| 40 | 23 | Endeavour 20c | 24 | +1 | — | — | — |
| 560 | 310 | G. M. Kalgoorlie 25c | 455 | −5 | Q32½c | ф | 4.4 |
| 25 | 8 | Great Eastern | 8 | ...... | — | — | — |
| 185 | 80 | Greenbushes Tin 50c | 90 | ...... | Q6c | 1.9 | 4.1 |
| 275 | 138 | Hampton Areas 10p | 140 | ...... | 2.5 | 3.1 | 2.6 |
| 168 | 36 | Haoma Gold N.L. | 38 | ...... | — | — | — |
| 85 | 20 | Intl. Mining | 22 | ...... | — | — | — |
| 118 | 28 | Jimberlana (50cFP) | 30 | +2 | — | — | — |
| 15 | 10 | Kalbara Min 20c | 11 | ...... | — | — | — |
| 245 | 135 | Kitchener NL 25c | 160 | ...... | — | — | — |
| 105 | 16 | Leichardt Expln. | 20 | +2 | — | — | — |
| 430 | 275 | Meekatharra | 390 | ...... | — | — | — |
| 70 | 40 | Metals Ex. 50c | 44 | −1 | ¶Q3c | ф | 4.0 |
| 38 | 20 | Metramar Mins. 20cts. | 22 | ...... | — | — | — |
| 20 | 10 | Mid East Mins. NL | 10 | ...... | — | — | — |
| 290 | 190 | M.I.M. Hldgs. 50c | 208 | −5 | Q15c | ф | 4.5 |
| 21 | 7½ | Minefields Expl. 25c | 8 | −½ | — | — | — |
| 20 | 13 | Newmetal 20c | 16 | ...... | — | — | — |
| 69 | 40 | Nickelore N.L. | 46 | ...... | — | — | — |
| 204 | 149 | North B. Hill 50c | 161 | −1 | Q16c | ф | 7.0 |
| 84 | 50 | Nth. Kalgurli | 73 | +1 | — | — | — |
| 200 | 94 | Nth. Mining Corp. | 175 | +5 | ф— | — | — |
| 122 | 24 | N. West Mining N.L. | 36 | +2 | ф— | — | — |
| 150 | 106 | Oakbridge 50c | 117 | +2 | Q6½c | ф | 3.4 |
| 185 | 90 | Otter N. L. | 100 | ...... | — | — | — |
| 188 | 114 | Pacific Copper | 114 | −2 | — | — | — |
| *423 | 136 | Pancont'l 25c | 136 | −4 | — | — | — |
| 88 | 42 | Paringa M&Ex.5p | 70 | ...... | ф— | — | — |
| 525 | 365 | Peko-Wallsend 50c | 380 | +10 | Q15c | — | 2.4 |
| 43 | 16 | Pelsart Res NL | 26 | +3 | — | — | — |
| 120 | 58 | Seltrust A | 64 | +2 | — | — | — |
| 157 | 18 | Southern Pacific | 25 | +2 | — | — | — |
| 100 | 40 | Swan Resources 20c. | 50 | ...... | — | — | — |
| 316 | 75 | Vultan Mins 20c | 80 | ...... | — | — | — |
| 18½ | 8 | West Coast 25c | 10½ | ...... | — | — | — |
| 130 | 90 | Westn. Cont 50c | 95 | ...... | — | — | — |
| 335 | 227 | Westn. Mining 50c | 270 | ...... | Q14c | 1.6 | 3.2 |
| 27 | 14 | Westmex | 14 | ...... | — | — | — |
| 76 | 38 | Whim Creek 20c | 46 | +2 | — | — | — |
| 101 | 26 | York Resources | 26 | ...... | — | — | — |

### Tins

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 16 | 8 | Amal Nigeria 1p | 8 | ...... | ‡ψ6.0 | — | — |
| 300 | 210 | Ayer Hitam $M1 | 220 | ...... | ‡Q205c | 1.0 | ‡ |
| 210 | 98 | Geevor | 160 | −5 | — | — | — |
| 11 | 8 | Gold & Base 12½p | 9 | ...... | — | — | — |
| 660 | 475 | Gopeng Cons. | 480 | −10 | Z13.0 | 1.8 | 3.9 |
| 450 | 310 | Hongkong | 320 | ...... | 21.0 | ф | 9.4 |
| 160 | 110 | Idris 10p | 155# | ...... | ‡9.0 | 0.8 | ‡ |
| *29 | 10 | Jantar 12½p | 19 | ...... | 11.5 | 4.0 | 11.3 |
| 98 | 60 | Kamunting $M0.50 | 60 | −3 | Q27½c | 0.5 | 0.0 |
| 665 | 363 | Killinghall $M1 | 490 | −10 | hQ66.7c | ф | 3.2 |
| 114 | 88 | Malaysia Min 10c | 99 | −3 | фhQ38c | 0.9 | 10.3 |
| 68 | 30 | Pahang | 32 | ...... | ‡0.63 | 0.8 | ‡ |
| 118 | 90 | Pengkalen 10p | 105 | ...... | 3.5 | 0.6 | 4.9 |
| 380 | 290 | Petaling $M1 | 290 | ...... | ‡Q180c | 1.4 | ‡ |
| 25 | 19 | South Crofty 10p | 24# | ...... | — | — | — |
| 225 | 185 | Sungei Besi $M1 | 195 | −5 | Q310c | 1.1 | 37.9 |
| 185 | 90 | Supreme Corp. $M1 | 90 | ...... | ‡Q15½c | ф | 4.2 |
| 118 | 100 | Tanjong 15p | 100 | −3 | 3.5 | 3.7 | 5.0 |
| 90 | 60 | Tongkah H. Tin I$m | 60 | ...... | Q23% | 0.4 | 7.7 |
| 410 | 220 | Tronoh $M1 | 245 | +5 | ‡Q110c | 1.2 | ‡ |

### Copper

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 410 | 165 | Messina R0.50 | 350 | ...... | †Q45c | 4.7 | 7.4 |

### Miscellaneous

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 175 | 35 | Anglo-Dominion | 35 | −5 | — | — | — |
| 25½ | 12 | Burma Mines 10p | 12 | ...... | 0.75 | 0.9 | 8.9 |
| 330 | 85 | Colby Res. Corp. | 180 | ...... | — | — | — |
| 330 | 200 | Cons. Murch. 10c. | 290 | −10 | ‡Q30c | 1.8 | 5.9 |
| 10 | 6 | ††Explaura Gold | 9½ | ...... | — | — | — |
| 98 | 47 | ††Hemerdon 10c. | 60 | ...... | — | — | — |
| 180 | 65 | Highwood Res. | 90 | −10 | — | — | — |
| 505 | 260 | Northgate C$1 | 310 | ...... | — | — | — |
| 633 | 372 | R.T.Z. | 463 | −10 | 16.0 | 2.3 | 5.0 |
| £130½ | £93½ | [illegible] | £105 | −2 | Q9½% | — | f9.2 |
| 103 | 13 | ††SPO Minerals 10p | 26 | ...... | — | — | — |
| 47 | 20 | Sabina Inds. C$1 | 22 | −2 | — | — | — |
| 44 | 21 | ‡Southwest C. 10p | 26 | ...... | — | — | — |
| 585 | 465 | Tara Exptn. $1 | 565 | ...... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ф Merger bid or reorganisation in progress.
- ф Not comparable.
- ф Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| Stock | Price | + or − | IRISH | Price | + or − |
|---|---|---|---|---|---|
| Albany Inv. 20p | 41 | ...... | Conv. 9% '80/82 | £92¼ | +⅛ |
| Bertrams | 8 | ...... | Nat. 9¼% 84/89 | £68½ | +⅛ |
| Bdg'wtr. Est. 50p | 405 | ...... | Fin. 13% 97/02 | £73 | ...... |
| Craig & Rose £1 | £13 | ...... | Alliance Gas | 70 | +5 |
| Finlay Pkg. 5p | 21½ | ...... | Arnott | 212 | ...... |
| Graig Ship. £1 | £20 | ...... | Carroll (P.J.) | 75 | ...... |
| Higsons Brew | 63 | ...... | Concrete Prods. | 90 | ...... |
| Holt (Jos) 25p | 505 | ...... | Helton (Hldgs.) | 24 | ...... |
| I.O.M. Stm. £1 | 150 | ...... | Irish Ropes | 41 | ...... |
| Pearce (C. H.) | 760 | ...... | Jacob | 65 | ...... |
| Peel Hldgs. | 112 | ...... | T.M.G. | 15 | −1 |
| Sheff. Refrshmt | 90 | ...... | Unidare | 60 | ...... |
| Sindall (Wm.) | 190 | ...... | | | |

## OPTIONS

### 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 6½ | House of Fraser | 14 | Utd. Drapery | 6½ |
| BOC Intl. | 11 | I.C.I. | 18 | Vickers | 18 |
| B.S.R. | 7 | "Imps" | 5 | Woolworths | 5 |
| Babcock | 9 | I.C.L. | 4 | **Property** | |
| Barclays Bank | 36 | Ladbroke | 13 | Brit. Land | 7 |
| Beecham | 17 | Legal & Gen. | 20 | Cap. Counties | 11 |
| Blue Circle | 35 | Lex Service | 10 | Land Secs. | 30 |
| Boots | 18 | Lloyds Bank | 28 | MEPC | 20 |
| Bowaters | 19 | "Lofs" | 3½ | Peachey | 15 |
| Brit. Aerospace | 17 | London Brick | 7 | Samuel Props. | 13 |
| B.A.T. | 28 | Lucas Inds. | 18 | Town & City | 2¼ |
| Brown (J.) | 8 | "Mams" | 11 | **Oils** | |
| Burton Ord. | 12 | Mrks. & Spncr | 10 | Brit. Petroleum | 28 |
| Cadburys | 8 | Midland Bank | 25 | Burmah Oil | 11 |
| Courtaulds | 5½ | N.E.I. | 8 | Charterhall | 6 |
| Debenhams | 7 | Nat. West. Bank | 30 | KCA | 12 |
| Distillers | 17 | P & O Dfd. | 10 | Premier | 6 |
| Dunlop | 7½ | Plessey | 26 | Shell | 28 |
| Eagle Star | 25 | Racal Elect. | 34 | Tricentrol | 25 |
| F.N.F.C. | 3½ | R.H.M. | 5 | Ultramar | 40 |
| Gen. Accident | 30 | Rank Org. Ord. | 18 | **Mines** | |
| Gen. Electric | 55 | Reed Intnl. | 25 | Charter Cons. | 21 |
| Glaxo | 28 | Sears | 5 | Cons. Gold | 40 |
| Grand Met. | 16 | Tesco | 5½ | Lonrho | 7 |
| G.U.S. 'A' | 44 | Thorn EMI | 30 | Rio T. Zinc | 45 |
| Guardian | 30 | Trust Houses | 15 | | |
| G.K.N. | 12 | Tube Invest. | 16 | | |
| Hawker Sidd | 25 | Turner & Newall | 10 | | |
| | | Unilever | 50 | | |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday October 23 1981



## MATTHOEFER SEEKS DM8.4bn TO PLUG BUDGET GAP

# Bonn eyes Bundesbank profits

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government is considering using DM 8.4bn (£2.04bn) from the profits of the Bundesbank, the independent central bank, to help plug a gap in next year's federal budget.

This sum, revealed here yesterday by Herr Hans Matthoefer, the Finance Minister, is markedly higher than any hitherto claimed by Bonn from the Bundesbank. It seems likely to lead to controversy.

There were critical voices even when Bonn made clear in late summer that it planned to call on DM 6.1bn from the central bank to help balance its 1982 budget.

It was suggested the siphoning-off of so large a sum was contrary to the spirit of the Bundesbank law, and allowed the Government partly to avoid the more controversial options of tax increases or budget cuts.

Now that Bonn has announced it expects a new gap of DM 7 bn in the 1982 budget, and is therefore calling on the Bundesbank for even more funds, even stronger arguments are likely to break out.

In principle the Government is within its rights in calling on Bundesbank profits. For many years there was virtually no debate on the matter.

This was because constant revaluation of the D-mark and fairly low interest rates usually meant the bank had little if any profit to hand on to Bonn.

Only last year did the fall of the German currency (in particular against the dollar which makes up much of the Bundesbank's reserves) and high interest rates mean that the bank could pass on to Bonn a really substantial sum for use in 1981, namely DM 2.3bn.

Critics say the Bundesbank should pay over only the kind of sum which it can steadily maintain year after year. While there is dispute over exactly what this sum should be, it is felt generally to be well below the kind of figure the Government now has in mind.

Even if Herr Matthoefer gains DM 8.4bn from the Bundesbank, his budget troubles are far from over.

He has suggested that as a further step to fill the DM 7bn gap emerging next year Bonn should borrow more than it had planned, increasing its 1982 net credit need to about DM 28.5bn from the DM 26.5bn proposed so far.

Herr Matthoefer has the support of Count Otto Lambsdorff, the Economics Minister, for this step. Count Lambsdorff faced sharp opposition, however, when he suggested the measure on Tuesday to a meeting of members of his liberal Free Democrat Party (FDP), the junior partner in the Bonn coalition.

The FDP has stressed constantly that borrowing must be cut next year. It has even maintained that if the Bundesbank were able to pay over extra profit then this should be used only to reduce the Government's net credit need still further.

Bonn budget, Page 2

# Weinberger warns West of 'acute' Soviet threat

By Bridget Bloom

THE SOVIET UNION threatens the balance of power on a world-wide scale but there was neither sufficient recognition of the growing disparity in East-West military strength nor a clear consensus on its implications for the West, Mr Caspar Weinberger, U.S. Defence Secretary, said in London yesterday.

Mr Weinberger, who is visiting London following a meeting of Nato defence ministers in Scotland, said there had been an "unremitting Soviet military build up in the last 20 years" which "carries all the implications of a conscious and deliberate search for military superiority designed to be used for aggression and subjugation."

It was imperative, he told a meeting at the Royal Institute of International Affairs, that Western nations "move to redress this imbalance of power before it is no longer within our power to do so and when we would therefore have to face the consequences of our inaction."

The U.S. Defence Secretary's tough themes have grown familiar over the past few months as he has sought to push his message home in Europe.

Prefacing his remarks with historical analogies ranging from the threat posed to Europe in their time by Napoleon and by Hitler, Mr Weinberger declared his belief that the threat posed by the Soviet preponderance of so-called theatre nuclear weapons in Europe was now particularly acute.

The Defence Secretary said it was vital that Nato continue with its decision to deploy new cruise and pershing nuclear missiles in Europe to match the growing number of Soviet SS 20 missiles deployed.

However, he said the U.S. was also "mindful of the need simultaneously to engage in meaningful arms reduction talks" and was opening negotiations with Moscow on theatre nuclear forces at the end of next month. The U.S. hope was, he said, to reach "realistic fully verifiable and genuine arms reduction agreements."

Mr Weinberger did not refer in his prepared text to the controversy aroused earlier this week by President Reagan's remarks that nuclear war might be limited to Europe.

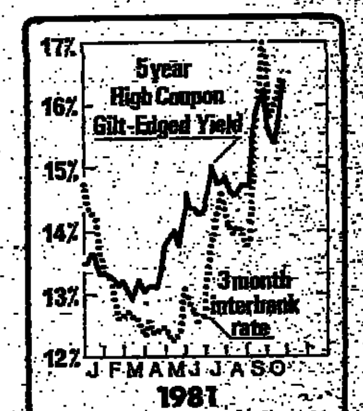
In answer to a question, however, he repeated that the President had been misinterpreted, and that he was speaking only of the Nato doctrine of flexible response.

He said the U.S., with 500,000 American troops and their families in Europe, had no intention of abandoning the continent's defence.

## THE LEX COLUMN

# 17 per cent on the horizon

Index fell 9.2 to 467.3




Another bout of weakness in U.S. bonds overnight and the spectacle of the Cabinet chasing its tail for the hundredth time over public expenditure got the financial markets off to a wobbly start in London yesterday. As so often, the wobble became a slide, so that gilt-edged retreated by the best part of a point and equities, as measured by the FT 30-Share Index, closed 9.2 points lower. Yields on many short- and medium-dated bonds are now well above 16¾ per cent, and the gap between gilt-edged and equity yields is no narrower than it was at the equity market peak in mid-August, although the yield ratio looks less alarming.

Hand in hand with the weakness in gilt-edged, money market interest rates edged higher, with three month interbank being traded around 16¼ per cent. The clearing banks' base rates a point below only make sense because the Bank of England is supplying plenty of liqidity at rates which look to be scraping the bottom of the unpublished band. On some maturities of bills, these rates allow arbitrage with the interbank market—all in all, it is the same intervention policy that the Bank has been pursuing, interspersed with lurches to progressively higher interest rate levels, all summer.

The difference now is that—unless the authorities' well-known altruism persuades them to postpone tax receipts yet again—the backlog of tax held up by the Civil Service strike is slowly being shunted into the Exchequer sidings. Companies borrowing to pay tax are effectively being financed by the Bank, as the bill-buyer of last resort. For several months now the avoidance of increases in interest rates has been dependent on the Bank's willingness to buy bills obligingly cheap and in large quantities. The growing money market shortages put the Bank more in the driving seat than ever.

The correction of the summer's enormous overshoot on public borrowing as the tax is paid might be expected to raise the odd smile in the gilt-edged market, but at the moment the gloom is impenetrable. It remains difficult to imagine what—aside from lower U.S. rates—can stop yields pushing above 17 per cent. A successful funding coup by the Government Broker might have done the trick, but that chance has been missed and the 1997 tap is about three points above the market; presumably the chances of a cut in the price will grow as the present banking month proceeds.

Behind all this the horse-trading and fudging to come up with a public borrowing target for next year low enough to reassure the City will rumble on. Unfortunately the City looks past reassuring for the time being.

### Oil taxation

The most noteworthy aspect of the proposals from the United Kingdom Offshore Operators Association for changes in North Sea taxation is that they have been made at all, given the widely different interests of the 39 members. This positive response to the Chancellor's challenge suggests that there must be a good chance of the proposals being accepted.

In essence the oil companies are offering to maintain their contribution to the Government this year ad next, in return for some reduction in the burden subsequently. Over the life of the fields currently in production, the Government take will move to around 81 per cent of revenues, compared with perhaps 86 per cent under current legislation and 77 per cent before the last Budget. The oil companies argue that the encouragement that this would give to new development should compensate for any future loss of revenue. In addition the association proposes new allowances to encourage satellite fields and to improve the incentive to drain fields dry at the end of their lives.

The precise benefits of these changes for individual companies are probably not calculable by anyone except their own tax managers. The structure of North Sea imposts will become yet more Byzentine and their inter-action is likely to be unpredictable. Nevertheless, if accepted, the changes spell good news for the sector as a whole, particularly for the big and medium-sized companies.

### Hoover

Hoover has whittled down its workforce by almost a third over the past two years without seriously attacking the problem of plant overcapacity. The closure of at least one of its three factories has long looked on the cards.

So yesterday's announcement that Perivale will shut and that another 2,000 redundancies are planned came as no great surprise. Hoover has been losing money for three years and taking the cost of the latest reorganisation above the line will probably bring 1981 UK losses to about £10m. The prospects for next year are only a little better.

For the moment at least the balance sheet can take the strain. Net debt represented around 15 per cent of net worth at the end of last year and the Perivale site, which has not been revalued for decades, might fetch up to £10m. But Hoover has still to prove that it can make a respectable return on capital once demand improves. Vacuum cleaners are roughly breaking even at the moment but price competition in washing machines has shown little sign of easing.

Hoover shares have been trading at their lowest level for many years this month but signs that the company has at last grasped the nettle pushed the "A" shares up 6p to 92p yesterday. The market capitalisation is a shade under £19m.

### Brown & Jackson

The disappearance of Brown and Jackson's profits has been followed within three weeks by a 1 for 2 rights issue at 20p, the par value upon which the shares have been converging. The issue raise £1.3m, a third as much as last year's 1 for 3, and it will leave the group with net borrowings and contingent liabilities of some £5m, compared with book net worth of £10½m. The company's biggest problem seems to be the illiquidity of the holding company assets which largely comprise majority stakes in unquoted compaines from which dividends are sometimes the only cash flow. The setback has not dented the confidence of the board, which wishes to remain "suitably well poised for growth"; presumably the two private companies which have sub-underwritten the issue are equally breezy.

# Hopeful start to North-South talks

BY REGINALD DALE AND WILLIAM CHISLETT IN CANCUN, MEXICO

THE 22-NATION North-South summit opened in Cancun, Mexico, yesterday amid rising hopes that a consensus would emerge on the launching of a new round of international negotiations to narrow the economic gap between the world's rich and poor nations.

After a series of bilateral meetings between President Ronald Reagan and Third World leaders, Mr Alexander Haig, the U.S. Secretary of State, said he had a growing sense of optimism that the conference would succeed.

The summit began by focusing on the developing countries' demands for a new round of "global negotiations" in the UN. The U.S. has been unenthusiastic about this proposal.

However, Mr Haig said he was increasingly confident that a fundamental consensus was developing after "a broadening of viewpoints" on both sides. He also made much of the fact that the leaders of Nigeria and Venezuela had agreed with Mr Reagan's political world outlook—particularly over the threat of Communist-backed subversion.

Lord Carrington, the British Foreign Minister, said the UK supported global negotiations "in whatever format proved most useful" and wanted the Cancun conference to give "a positive impetus" to the process.

In the past, the difficulty has been Western, and especially U.S. reluctance to allow the negotiations to take place in the United Nations, where the developing countries have a big voting majority.

The U.S. would prefer to conduct the talks in the existing, Western-dominated multilateral institutions — the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade.

With no concrete decisions on matters of substance expected, the delegates are expected to use their two days of meetings to work out a formula that satisfies both sides and breaks the two-year deadlock.

There is wide agreement that an open confrontation should be avoided, despite the wide differences between the U.S. developing countries—and a number of industrialised countries like France and Canada.

The sort of compromise that has been under consideration would involve a small group of representative countries negotiating under UN auspices, with the participation of the IMF, World Bank and Gatt, and the obligation to report back to the General Assembly.

Mr Ramiro Sarriya Guerreire, the Brazilian Foreign Minister, echoed widespread Third World feelings when he said existing institutions were no longer able to offer solutions.

He disagreed with the American view that private enterprise was the key to world development.

Britain clearly sees its role at Cancun as helping to provide a bridge between the U.S. and the countries that want Washington to make more serious efforts to push negotiations along.

Summit details, Page 4

# Bankers to meet on Mitterrand's plans

By William Hall, Banking Correspondent

EXECUTIVES OF more than half a dozen leading West German banks are expected to meet in London on Monday to discuss their involvement in French companies due to be nationalised under President Mitterrand's plans.

Representatives from Commerzbank, Westdeutsche Landesbank and Bayerische Vereinsbank, and several of the Landesbanks, are expected to attend. They will probably issue a communiqué afterwards.

Although the meeting has been called to discuss foreign reaction to the nationalisation generally, it seems likely foreign shareholder opposition to nationalisation of Paribas will be high on the agenda.

M Jean Rey, the former EEC president who is playing a key role in mobilising foreign shareholders against nationalisation of Paribas, is expected to attend.

The meeting is the latest sign that foreign antagonism to nationalisation of Paribas is being mobilised on a wide scale. Last week foreign shareholders from Switzerland, the UK and the Benelux countries met in Brussels to discuss action they should take to secure better terms for Paribas shares.

The success of Pargesa's bid for Paribas-Suisse, the French company's Swiss banking affiliate, has encouraged foreign shareholders to step up their opposition to the French Government's nationalisation plans. It is possible that foreign shareholders could challenge the Government's nationalisation list.

S G Warburg, the London merchant bank in which Paribas has a 25 per cent stake, refuses to comment publicly on its attitude to the nationalisation of Paribas.

# Brussels plans to limit powers of telecommunications monopolies

BY GILES MERRITT IN BRUSSELS

THE European Commission is planning its first-ever attack on EEC member governments' monopoly powers over the telecommunications.

It has singled out West Germany's Bundespost as its main target, and is investigating the postal authority's telecommunications procurement policies. This is expected to end with legal action under the competition rules of the Rome Treaty.

The Brussels Commission's move against the Bundespost is seen as a warning to other EEC governments that they must liberalise their telecommunications purchasing rules or face similar actions under Article 85 of the treaty, which is concerned with restrictive practices.

The planned action against the Bundespost concerns its restrictions on the supply of modems by other EEC producers to the West German market.

By September 1982, the modem interface devices—that link computer equipment with telecommunications networks—will be available in West Germany only through the Bundespost. By 1985 the West German postal authorities will, if unchallenged, have extended their monopoly powers to the point where they can remove all privately supplied modems.

The EEC competition authorities' moves against the Bundespost reflect the increasingly determined pressure from the users of telecommunications equipment for freer choice of suppliers.

This also shows that the European Commission is eager to tackle the issue of telecommunications procurement practices that favour domestic suppliers to the disadvantage of other EEC competitors.

The EEC market for modems is worth about £150m a year. The interface equipment, however, is also considered to have a major long-term influence on users' choice of related computer and electronics products.

The commission is attempting to promote an industrial innovation strategy that would greatly strengthen the EEC electronics industry against Japanese and U.S. competition, and believes that the fragmentation produced by member governments' national procurement policies remains a serious threat to that strategy.

The Bundespost is widely regarded as the most tightly monopolistic of EEC posts and communications authorities, but the commission is also understood to be considering further scrutiny of France's PTT.

# Short term interest rates rise

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

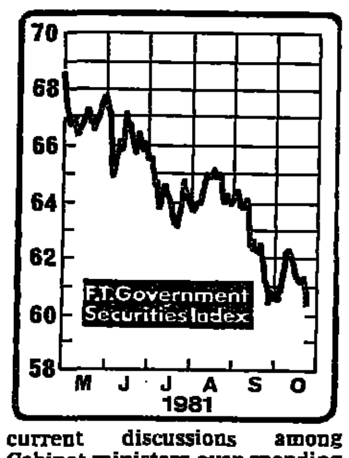
SHORT TERM interest rates continued to move upwards yesterday reflecting the weakness in the U.S. bond market and pressure on sterling.

However, the Bank of England continued to supply the money market with funds at rates which held the one-week interbank rate at the unchanged level of 15½ per cent.

The Bank estimated the shortage of funds in the market to be £350m at midday.

In spite of the increase in the three-month interbank rate by ⅛ to 16 7/16 per cent, there appears to be no immediate pressure on the clearing banks to raise their base rates from the current 15½ per cent, while the Bank continues to hold down rates at the very short end of the market.

The firming of short-term money market rates and uncertainties about the effect of




current discussions among Cabinet ministers over spending targets was reflected by a general weakness in the gilt edged market. The Government Securities index fell 0.63 points to 60.44.

Equities reacted to a similar draught of uncertainty with the FT index down 9.2 points to 467.3 at the close.

In the foreign exchange markets, sterling continued its fall against the dollar, dropping 52½ points to $1.8157½ in London compared with the previous night's close. However, the pound held up against other currencies and the trade weighted index rose from 87.6 to 87.8.

The dollar, meanwhile, continued upwards with its trade weighted index closing in London at 109.8 — up 0.5 points.

The dollar started its trading easier in London, falling to DM 2.2647, amid speculation that tomorrow's money supply figures would show a decline and suspected intervention from the Bundesbank. Later, however, it firmed to above DM 2.28.

## Weather

CLOUD and rain in north and west spreading over rest of Britain.

**London, S. E and N England, Midlands, Channel Isles**
Dry with sunny periods. Max 11C (52F)

**SE England, E Anglia**
Isolated showers on coast, otherwise dry with sunny periods. Max 11C (52F)

**SW, NW, NE England, Wales, Borders, S and E Scotland, Highlands**
Bright and sunny periods giving way to cloud and rain. Max 11C (52F)

**N Scotland, Orkney, Shetland, N Ireland**
Cloudy with occasional rain. Max 9C (48F)

**Outlook:** Changeable. Becoming colder.

### WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 16 | 61 | L. Ang.† | S | 14 | 57 |
| Algiers | R | 18 | 64 | Luxmbg. | C | 6 | 43 |
| Amsdm. | R | 8 | 46 | Luxor | S | 38 | 100 |
| Athens | S | 24 | 75 | Madrid | S | 12 | 54 |
| Bahrain | S | 31 | 88 | Majorca | F | 18 | 64 |
| Barclna. | C | 15 | 59 | Malaga | F | 27 | 81 |
| Beirut | | — | — | Malta | F | 27 | 81 |
| Belfast | C | 8 | 46 | Mchstr. | F | 8 | 46 |
| Belgrd. | C | 21 | 70 | Melbne. | C | 15 | 59 |
| Berlin | C | 8 | 46 | Mx. C.† | S | 20 | 68 |
| Biarritz | C | 10 | 50 | Miami† | S | 24 | 75 |
| Bmghm. | C | 8 | 46 | Milan | F | 11 | 52 |
| Blackp'l | S | 9 | 48 | Montr'l† | C | 2 | 36 |
| Bordx. | F | 13 | 55 | Moscow | C | 9 | 48 |
| Boulgn. | | — | — | Munich | Sn | 1 | 34 |
| Bristol | F | 10 | 50 | Nairobi | C | 21 | 70 |
| Brussels | C | 8 | 46 | Naples | C | 22 | 72 |
| Budpst. | F | 21 | 70 | Nassau | | — | — |
| Cairo | F | 30 | 86 | Nwcstl. | F | 8 | 46 |
| Casbca. | | — | — | N York† | C | 12 | 54 |
| Cape T. | R | 18 | 64 | Nice | S | 18 | 64 |
| Chicg.† | C | 4 | 39 | Nicosia | S | 29 | 84 |
| Cologne | C | 9 | 48 | Oporto | S | 15 | 59 |
| Cpnhgn. | F | 8 | 46 | Oslo | C | 2 | 36 |
| Corfu | T | 20 | 68 | Paris | F | 9 | 43 |
| Denver† | C | 7 | 45 | Perth | S | 24 | 75 |
| Dublin | F | 9 | 48 | Prague | R | 5 | 41 |
| Dbrvnk. | C | 21 | 70 | Rykjvk. | R | 6 | 43 |
| Ednbgh. | S | 9 | 48 | Rhodes | S | 24 | 75 |
| Faro | S | 19 | 66 | Rome | F | 19 | 66 |
| Florence | C | 14 | 57 | Salzb'rg | S | 0 | 32 |
| Frankf't | C | 7 | 45 | S'cisco† | R | 11 | 52 |
| Funchal | R | 19 | 66 | S. M'ritz | | — | — |
| Geneva | C | 6 | 43 | Singapr. | | — | — |
| Gibrltr. | R | 23 | 73 | S'tiago† | | — | — |
| Glasg'w | S | 8 | 46 | Stckhm. | F | 6 | 43 |
| G'nsey | S | 11 | 52 | Strasb'g | C | 9 | 48 |
| Helsinki | R | 8 | 46 | Sydney | F | 17 | 63 |
| H. Kong | F | 30 | 86 | Tangier | F | 24 | 75 |
| Innsbr'k | S | 1 | 34 | Tel Aviv | S | 27 | 81 |
| Invrnss. | F | 8 | 46 | Tenerife | C | 19 | 66 |
| I.o.Man | S | 9 | 48 | Tokyo | R | 14 | 57 |
| Istanbul | S | 23 | 73 | Tor'nto† | H | 2 | 36 |
| Jersey | F | 11 | 52 | Tunis | F | 28 | 82 |
| Jo'burg | F | 23 | 73 | Valencia | F | 16 | 61 |
| L. Plms. | S | 23 | 73 | Venice | R | 13 | 55 |
| Lisbon | S | 17 | 63 | Vienna | R | 8 | 46 |
| Locarno | R | 8 | 46 | Warsaw | R | 9 | 48 |
| London | S | 11 | 52 | Zurich | C | 6 | 43 |

C—Cloudy. F—Fair. H—Hail. R—Rain. S—Sunny. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

## Gestetner Continued from Page 1

the Logica computer services house, and an electronic message system which is still in development.

The company apparently feels that these would fit into its strategy for diversifying into newer types of electronic office products, and away from its dependence on mechanical duplicators and copiers.

Nexos' other main interests are marketing and product development agreements for a powerful computer developed by an affiliate of Exxon, the U.S. oil group and for facsimile machines supplied by Muirhead of Britain, some of which are imported from Japan.

The future of these parts of Nexos' activities appears uncertain. If no buyer can be found for them, disentangling the marketing arrangements could prove complicated.

The BTG has discussed the sale of Nexos with about six companies. Gestetner, with which talks began more than two months ago, is believed to be the only serious suitor.

When the Government approved a funding commitment to Nexos of £35m late last year, it made it a condition that the NEB seek private investment in the business. But the BTG's efforts to interest City institutions have produced few results.

Gestetner's financial performance has been affected recently by the recession, the strength of sterling earlier this year, and increased competition in the copier market. Its pre-tax profits in the six months to May 2 fell to £4.38m from £10.01m.

## $ policy Continued from Page 1

strength, he said a decline of the dollar of similar proportions would undermine the competitiveness of large segments of European industry when much of it was already in trouble.

Prof Lamfalussy said he was not advocating a return to fixed exchange rates. Floating rate had an indispensable role to play in the balance of payments adjustment process. What was needed was official action to moderate excessive fluctuations.

Criticising the "theology" of "dictrinaire" proponents of free floating, he said the most persuasive argument in favour of intervention as a signal of policy stance was that by intervening, a country's authorities were putting their money where their mouths were.

Spelling out the recent scale of instability, Professor Lamfalussy said during the first nine months of 1981 there were 104 working days when fluctuations in the key dollar/D-Mark rate amounted to between ½ and 2 per cent, and nine days when fluctuations had exceeded 2 per cent.

The corresponding figures for 1979 and 1980 were 48 and zero, and 75 and 4, respectively.

He said such fluctuations could only have a damaging effect on the economy.

"I find it very hard to understand how it is that this concern is not shared precisely by those market-oriented economists and policy-makers who firmly believe the price mechanism has a decisive role to play in the optimum allocation of resources," he said.



Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.